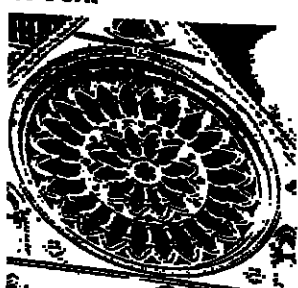


THE TIMES
1785-1985

SATURDAY

White rose in bloom
A Tourist guide
to the city
of York



End of the pier show.
The living tradition
of Punch
and Judy.
Company backing
Woodrow Wyatt on
financing the
Tory Party.
Up'n'under
Preview of Hull v
Wigan in the Rugby
League cup final

Portfolio

The Times Portfolio competition prize of £2,000 was shared between three winners yesterday. Mrs Helen Richardson of Cambridge, Mrs Pamela Slaughter of Didcot, Oxfordshire, and Mrs Diane Wilsher of London each received £666.66. Portfolio list, page 20. How to play, back page Information Service.

Tomorrow's Portfolio prizes total £62,000, including £60,000 in accumulated weekly prize money.

Bomb blast fails to stop Spain tours

Travel agents have decided not to discourage holidaymakers from going to Spain after Wednesday's bomb attack in Benidorm. The Foreign Office said measures to protect tourists were being discussed with the Spanish authorities. Page 3.

Rent Act ruling

The law lords ruled that a tenant was protected by the Rent Acts in spite of signing away her rights to protection. Page 2.

Camp disquiet

Ethiopia's top relief official denied forcible closure of the giant boat camp and eviction of its 60,000 occupants. But one aid agency fears many will die. Page 6.

Envoy home

Miss Carol Robson, one of the British diplomats expelled from Moscow, arrived at Heathrow last night. Earlier the Kremlin invited Britain to VE Day celebrations. Page 9.

£60m losses

The Duchess of Kent is among Lloyd's names on syndicates facing net underwriting losses of at least £60 million, a Lloyd's record. Page 21.

Win for Sheikh

Oh So Sharp gave Sheikh Mohammed his first classic victory with a short head success over Al Bahathri in the 1,000 Guineas at Newmarket. Page 31.

SPECIAL REPORT

As the Channel Islands celebrate the 40th anniversary of its liberation, a three-page Special Report looks at its tourist and financial progress. Pages 17-19.

Leader pages 15.
Letters: On Merchant Navy, from Sir Edward du Cann, MP; jobs, from Mr J. Shields.
Leading articles: Six years of Thatcherism; Ms Ferraro; Western European Union.
Features, pages 18, 13, 14.
Why I resign, by Larry Gostin; Cable v Satellite; Uganda under Obote: worse than Amin?; Female takeover on the stock market; Efficient Italy; Obituary, page 16.
Dame Bridget D'Oyly Carte, Miss Phyllis Bedells, Miss Denise Robins.
Classified, pages 29, 32, 33.
Business to Business, Cars.

Home News	2.35	Law Report	4
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Arts	12.15	Parliament	2
Science	28.30	Science	2
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Crossword	10.30	Theatre, etc	35
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Lawson must act to cut jobless, demands Walker

By Julian Haviland, Political Editor

In the boldest demonstration of dissent he has yet made, Mr Peter Walker, Secretary of State for Energy, said in Cambridge last night that a substantial reduction in unemployment could and must be achieved.

He appealed to his colleagues in the Government to stimulate employment by increased investment in housing, as in the 1930s, which he said would motivate workers to improve their productivity and to raise their families' living standards.

Mr Walker instructed Mrs Thatcher and her closest colleagues in the "best traditions" of the Conservative Party, and catalogued the Government's opportunities, responsibilities and failures in language which must have stretched to the limit his unique licence to dissent from Cabinet policies while sharing formal responsibility for them.

In a striking passage the enthusiastically interventionist Mr Walker argued that the British economy was being directed less intelligently and less humanely than the Japanese. "The Government needs to learn from the Japanese that it has an important role in steering the development of priorities, in providing a safety net for those affected by change and in improving the educational and training resources available."

Adding employers to the indictment prepared mainly for Mr Nigel Lawson, Chancellor of the Exchequer, he said: "The Japanese did not obtain their high growth by thoughtless 'hire-fire' policies, nor by pursuing 'no-tech' jobs in the low-wage service sector."

(The cutting of capital allowances in Mr Lawson's first Budget was criticized at the time for being hostile to investment in modern technology; his present strategy is criticized for being designed to keep wage levels down.)

Mr Walker went for Mr Lawson's Achilles heel of the exchange rate. Mr Lawson's policy is to have no exchange rate target, although he is "not indifferent" to the rate.

Mr Walker talked of the exchange rate "chaos", and said that unless the international community tackled it urgently the free enterprise system might not survive.

He was speaking in Cambridge, in commemoration of Mr Iain Macleod, chief prophet in his day of the Liberal Tories whose champion Mr Walker has now become, in clear opposition to the present ruling group in the party.

until yesterday, Mr Walker had been excluded from the review by ministers of the social security system. Lest anyone doubt his position, he told his Cambridge audience that the most fundamental of obligations was "to guarantee to every citizen the means to live and enjoy a decent life."

Among the shortcomings of the Government Mr Walker catalogued Britain's failure to direct adequate resources to education and research, to exploit our potential overseas trade and to compete in manufacturing.

Making light of the Chancellor's claims for the future, he said that the dynamism must be found to "kick the economy into a higher growth gear."

Mr Walker's tone was that of a man who has coolly assessed and resolved to exploit his strengthened position in the party as the most effective exponent of the Government's case during the miners' strike. In that role he earned a notable standing ovation at the party conference last October.

He is native in his small department, having held far heavier responsibilities as Secretary of State for Trade and Industry under Mr Edward Heath 13 years ago. It is not surprising that his severe strictures on the Government's housing and trade performances relate to large departments which he believes he could run better than the present incumbents.

But Mr Walker's ambitions at the age of 53 go beyond service in Mrs Thatcher's Cabinet.

Dismissed and on the backbenches he would become a persistent and dangerous critic, unlike others whom the Prime Minister has dislodged. That is an important reason why he is expected at Westminster to survive yesterday's speech undisturbed.

Unemployment rises to record 3,177,200

By David Smith, Economics Correspondent

The number of jobless rose at an unexpectedly fast pace last month. Adult unemployment rose by 29,200, after seasonal adjustment, to a new high of 3,177,200, or 13.1 per cent of the workforce.

The April rise - after a March increase of just 4,000 - was a severe disappointment to the Government, which has been buoyed by recent evidence that the jobs outlook is improving.

Mr Tom King, Secretary of State for Employment, said: "These figures are in contrast with the encouraging increases in the number of new jobs, the report only this week by the CBI of the improved prospects for employment, and indeed with the recent trend of unemployment figures."

This month's rise in the unemployment figures appears to be erratic and should not be taken as a change in the underlying trend.

The total number of unemployed, including school leavers, rose by 4,973 to 3,272,565, or 13.5 per cent of the workforce.

Mr John Shields, director of the all-party Employment Institute and Charter for Jobs, described the figures as "depressing". "The large rise in the underlying total again shows the need for some positive action by the Government," he said.

Over the past six months, the underlying rate of unemployment has been rising by 14,000 a month, the same as in the previous six months. Despite the large rise last month, it is thought that an underlying increase in adult unemployment of 10,000-15,000 a month is continuing.

This month and next, the favourable seasonal pattern for unemployment should mean that the overall jobless total will fall substantially. However, the focus will still be on the rise in the adult total.

Britain's latest unemployment rate of 13.5 per cent compares with latest published rates of 10.2 per cent in France, 8.5 per cent in Germany, 7.2 per cent in the United States and 2.4 per cent in Japan. The average for Western industrialized countries is 8.2 per cent, for the EEC 11.0 per cent.

At the end of March, 450,000 people were kept off the unemployment register by the Government's special employment and training measures, 10,000 fewer than a month earlier.



Slide-show for Cabinet by Fowler

The Cabinet, as a whole, yesterday had its first discussion of the draft plan for reshaping the social security system planned by Mr Norman Fowler, Secretary of State for Social Services (Our Political Editor writes).

After a half-hour presentation by Mr Fowler, complete with diagrams and a slide projector, and more than an hour's discussion, the meeting adjourned so that the Prime Minister and others could leave at noon for the Bonn economic summit.

No final conclusions were reached.

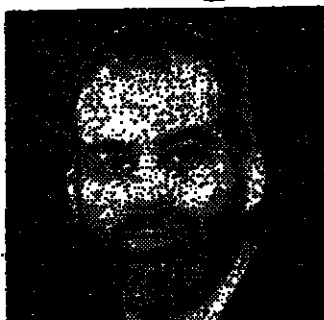
Larry Gostin quits NCCL

By Colin Hughes

Mr Larry Gostin last night resigned as general secretary of the National Council for Civil Liberties after his defeat at the annual conference over efforts to pull the council towards a non-partisan line.

In a letter to Mr Bill Birtles, the council's executive chairman, Mr Gostin said he "could not in good conscience continue to be a loyal servant to the executive committee and effectively represent its entire range of policies."

He had hoped that the conference last weekend would clearly signal that the council's interests in libertarian issues "do not wholly coincide with those of the labour movement." Since that had not happened, and appeared unlikely to, he



Mr Larry Gostin: Blow to credibility.

could no longer publicly defend the full range of council policies "with conviction and credibility."

A council inquiry set up by Mr Gostin into the miners' strike concluded that striking miners had a right to work equal to the right to strike. The conference repudiated that stance.

It went on to say that the inquiry panel, which included Mr Gostin, had overstepped its terms of reference by touching on issues other than those raised solely by policing and courts policy.

Mr Gostin's departure brought angry reaction from some on the council's left, who feel that he has tarnished the council's image and thrown it needlessly into disarray Mr Rod Robertson, secretary of the trade union liaison committee, said: "He badly misread the feelings of the membership."

Why I quit, page 14

All-rounders in short supply as Oxford collapse

By John Woodcock, Cricket Correspondent

In the Parks at Oxford yesterday, that most beautiful of grounds, the University were bowled out by Leicestershire for 24. That is something which can happen to any side. Only two years ago Surrey were dismissed for 14 by Essex at Chelmsford. In 1896 MCC bowled the Australians out at Lord's for 18. In 1901 Nottinghamshire made 13 against Yorkshire at Trent Bridge. In 1912 Leicestershire themselves managed only 25 against Kent at Leicester.

There have been, in fact, dozens - three dozen anyway - of first-class totals of 24 or less. But that, unfortunately, is not the point. The University sides find it so difficult to give the counties anything of a game

these days that their status as first-class sides is inevitably being questioned. They are surviving as such as much on sentiment as realism. Runs against them are now too easily come by, and wickets too easily taken.

There are various reasons of this. One, of course, is that an ever-increasing percentage of the undergraduate population is female, and whereas the greatest of women cricketers might just make an impact on good men's club cricket, though I doubt it, there is no way they can do more than that. Girls can cox the Oxford boat, perhaps one day play golf for Oxford and no doubt win a chess Blue; but they will never

pete for the university, there are 930 women out of a total of 3,073.

To add to this, university places even more so at Oxford than at Cambridge, are now awarded almost exclusively on academic merit. Heads of colleges might occasionally take a bribe, and elect the son of an old friend or indulge his partiality for games players, but it seldom happens. Not many years ago it often did. To the benefit of University sport there was a welcome for the "all-round man", not least to maintain a balanced society. Brasenose even had an Exhibition, the Heath Harrison, for those whose ability included excellence at sport.

In those days Oxford were a



Shoulder to shoulder: Mrs Thatcher and West Germany's Chancellor Kohl stand together outside the chancellery in Bonn as national anthems are played to welcome government leaders to the economic summit.

Summit nations in accord on trade

From Sarah Hogg, Economics Editor, Bonn

Seven leaders of the biggest industrial market economies, gathering in Bonn yesterday for the start of the eleventh annual economic summit, signalled agreement on trade issues, but found their statements overshadowed by continuing controversy over President Reagan's visit to Bitburg cemetery, planned as part of his state visit to West Germany.

Chancellor Helmut Kohl greeted other world leaders including President Reagan and Mrs Margaret Thatcher, for a two-day meeting the main purpose of which is economic but has become increasingly political.

The summit participants concentrated on clinching agreement on an early start to a new round of trade talks, the main economic issue at the summit, but the Bitburg controversy flared up in a series of briefings by American officials.

The main participants agreed that a new round of international trade talks should start in 1986. However, French objection may prevent a formal date from being enshrined in the final communiqué.

Although the French Government was still resisting the setting of an early date for talks, to take place under the aegis of the General Agreement of Tariffs and Trade, the United States Administration announced formal agreement with the Germans and the Japanese.

"Mr George Shultz, the American Secretary of State said in Bonn yesterday that if full agreement on trade talks could not be reached between all governments, the United States would go ahead with bilateral trade talks."

The French have become increasingly isolated in discussions over the new "trade round", which is the central

Israelis dig moat against invaders

From Christopher Walker, Metulla, Israel

The Israeli Army is digging a deep anti-kamikaze ditch, like a medieval moat, along much of its 55-mile northern border as part of a £120 million project to protect Galilee against renewed guerrilla attacks from Lebanon.

I watched yesterday as giant yellow earthmovers cut through rock and stone in an effort to complete Israel's latest and most bizarre form of security precaution in time for the final stage of the withdrawal from Lebanon, due within the next four weeks.

Senior Israeli military sources confirmed that the unpublished ditch, about 15ft wide and 12ft deep, was intended to prevent any form of suicide bomb being driven across the border. The sources explained that it was threatened to carry their fight into Israel.

Some residents of Metulla on the border, one of the most vulnerable of the Galilee settlements, claimed that the ditch and other measures forming part of a crash building programme were evidence that the Lebanon war had not achieved its goal of securing peace for the region.

Mr Reuven Weinberg, owner of the strictly kosher Snows of Lebanon Hotel - whose windows were recently smashed by the blast from a suicide bomb driven into an Israeli truck by a young Muslim girl - said his only guests at present were construction workers involved in the project.

"You only have to look from my balcony at the work in progress on almost every hilltop to see that we now need more protection than before the 1982 invasion," he told me. "I asked a general last week why Israel was spending so much money in Lebanon if we were just about to leave, and got no satisfactory answer."

Much of the work is inside the buffer zone over which Israel intends to retain indirect control.

The ditch now runs some 20 miles west of Metulla and will apparently continue to the Mediterranean. New camps for the rapid deployment force, which will retaliate inside Lebanon against any attacks on Galilee, can be seen springing up all along the border road.

Christians' contempt Page 7

Gandhi rejects helicopter aid deal

From Michael Hamlyn, Delhi

Mr Rajiv Gandhi, the Indian Prime Minister, yesterday put an end to British hopes of completing a deal for helicopters for India's offshore oil and natural gas rigs.

He told the upper house of the Indian Parliament, the States Assembly, that the British helicopters did not measure up to Indian requirements.

"There are superior helicopters to meet our needs," he said.

India had been negotiating to buy 21 Westland W30 helicopters for the offshore fields, and another five for VIP use, all to be flown by Indian Air Force pilots.

Those for the offshore fields would have been virtually given to the Indians under an aid package which amounted to \$65 million spread over two years.

British officials were rather taken back by the announcement since they have had a technical team in Delhi and had thought that they had answered all objections raised.

In particular, the Yeovil-based firm last year fulfilled two conditions laid down in a letter of intent from the Indian High Commission in London: that the craft should have Civil Aviation Authority certification, and that a version should have passed a demonstration test in India.

Mr Gandhi denied yesterday, however, that any letter of intent had been sent.

Irritation crept into trade talks over the activities of Sikh extremists in Britain last year. Mr Gandhi said yesterday that the actions of extremists had been brought to Mrs Thatcher's notice.

Mr Timothy Raison, the Minister of State for Overseas Development, told Mr Gandhi last week that if the deal did not go through Britain would find it difficult to find ways to spend the \$45 million aid due to be given in the current year.

Mr Gandhi said yesterday: "We have asked the British Government to transfer the \$65 million of aid which was being given for the purchase of 26 Westland helicopters against the Sea Harriers required for the Navy."

Embargo reactions, page 6

Nicaragua doubts by UK

Britain appeared yesterday to be publicly questioning the wisdom of President Reagan's decision to impose economic sanctions on Nicaragua.

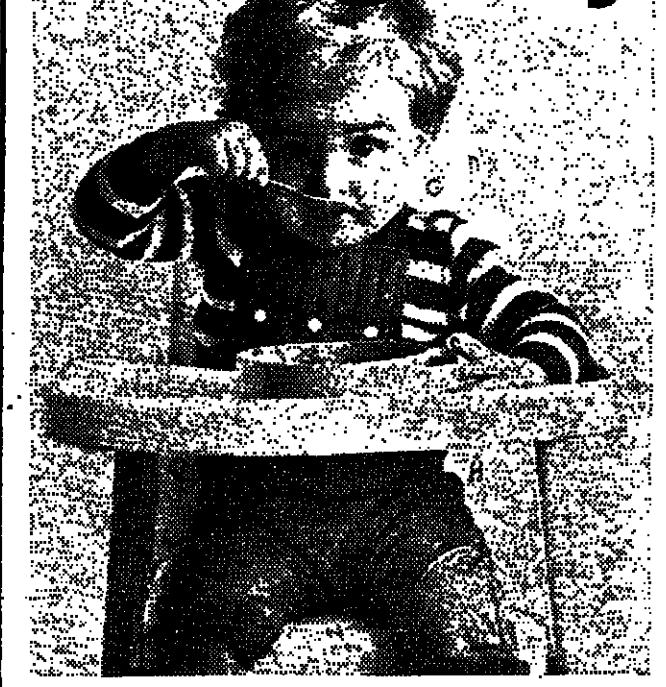
Mr John Biffen, Leader of the Commons, refused an invitation at Question Time to condemn publicly the US action, and to urge the Prime Minister to do likewise when she meets President Reagan. But he added that it would be widely felt "that trade sanctions

are not particularly effective".

In Managua, the Nicaraguan Defence Minister, Senior Humberto Ortega, said the US Government had demanded that Nicaragua should break off relations with the Soviet Union and Cuba as a precondition for lifting the trade embargo.

He said the Nicaraguan Government would not "retreat an inch from its revolutionary principles".

This child is wasting away.



There's nothing wrong with his appetite. It's his muscles that are wasting away.

When he's three he'll begin to stumble and fall. By the time he's ten, he'll be wheelchair-bound. Soon the relentless progress of Duchenne muscular dystrophy will render him totally helpless. Finally, in his teens, he won't have the strength even to feed himself. Before long, he won't need to.

What a waste.

To find out more about muscular dystrophy and what you can do to help, please write to us at: Muscular Dystrophy Group Dept. TM, Freepost, London SW4 0BR.

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Water board staff trip 'wanton junkets'

By Michael Horswell

Reports of wanton junketing abroad by staff and six-figure severance payments to senior executives have prevented a district auditor signing the Thames Water Authority's 1982-83 accounts.

A hearing in London yesterday under the Local Government Act 1972 was told of objections to the accounts. Mr Roland Rench from Beckenham Kent, a member of the South London Consumer Consultative Council for Thames Water, asked what benefit to the public were junkets to Paris, Amsterdam, the Henley regatta?

Why was it necessary for 27 staff to attend a Seine-Thames seminar in Paris? Why was the attendance of 11 staff at a conference in Zurich at £750 a head so vital to Thames Water consumers? Why was £630 spent upon tickets and subscriptions to the Henley Regatta, whose organizers made profit of more than £200,000 and could have provided free tickets for the authority on whose waters the rowing was taken place?

The total cost of these trips, including a £23 a head lunch for 52 people during a visit to the south London headquarters, was about £18,000.

"There is not a shred of evidence to show that if the authority had decided not to spend this money they would have failed in their duty to the public. It was a wanton abuse of public money and it should be regarded as contrary to the law."

Thames Water did not attend the hearing, so Mr Rench's questions went unanswered.

Mr Reginald Bolland, from Wraybury, near Staines, the other objector, an administrative officer at the Thames Conservancy before TWA was created in 1974, asked why Mr Eric Gilliland, the director of finance, received more than £130,000 in redundancy, lump sum payment, pension and holiday pay when he retired in 1983 at 60.

He also asked why Mr E C Reed, director of engineering, received £116,000 at the same age.

Mr Bolland, aged 71, said that in the financial year 1982-83 149 staff were made redundant at a cost of more than £2.5 million.

The water authority confirmed the severance payments to the two executives but said the £18,000 on "junketing" was a mere 0.006 per cent of its £302 million expenditure for the year.

Court ruling on rates challenge will not stop rebel councils

By Hugh Clayton, Local Government Correspondent

Two rebel councils yesterday lost key court actions in their long struggle with the Government about rates. But such setbacks did not deter many Labour councillors who are now firmly on course to break the law.

Sheffield council was refused leave in the Court of Appeal to challenge a High Court ruling that it should not be allowed to challenge the Government's rate support grant settlement.

Hackney council in east London lost an appeal against a judgement last year that ministers had not been unreasonably harsh in fixing its rate support grant. Hackney was refused leave to take the case to the House of Lords.

Eight Labour-led councils are still postponing rate-fixing until the Government negotiates with them on spending concessions. They are to demonstrate outside the Department of the Environment in 10 days' time in protest against the Government's refusal to meet them.

District auditors are expected soon to issue formal warnings to individual councillors that they will be guilty of wilful misconduct if they do not fix rates quickly. But many prospective candidates are ready to take the place of councillors barred from office for incurring

unnecessary losses. Fighting funds are being set up to meet their charges.

The Rev Alan Billings, Labour deputy leader of Sheffield City Council said: "No-one is under any illusion about the risks we are taking. We are asking people to commit political suicide for the greater good."

The campaign of defiance has not faded as fast as ministers and the parliamentary leadership of the Labour Party hoped. But deep splits are developing among Labour councillors.

Southwark Council in south-east London was left without a rate yesterday after a crowded and angry meeting that lasted for seven hours. Conservative and Labour left-wingers combined to vote down a rate cut and budget proposed by Labour moderates.

Sheffield council, which has a large Labour majority, will vote on Tuesday on a recommendation that it should refuse to fix a rate until the Government negotiates. Such a vote would invite immediate legal action.

Mr David Blunkett, leader of Sheffield council, wrote in *Tribune* yesterday that the campaign of defiance had been attacked by "those who look for corpses - someone else's to prove that there has been a genuine struggle."

Labour left lines up to defend socialism

By Anthony Bevis, Political Correspondent

Mr Tony Benn and Labour's increasingly isolated left-wing are planning to regroup in a bid to defend the party's socialist policies from attack by Mr Neil Kinnock and the leadership.

Labour Briefing, a mainstream left-wing bulletin, says in its latest edition that a "jubilant, Tory press" is to some extent justified in describing the left as in disarray.

It points out: "In particular, they have sought to portray Tony Benn, - the only obvious potential contender for the leadership of the party, - as a discredited figure rapidly being deserted by his most significant former allies and no longer representing a force to be feared."

The left, it says, had been dealt a severe blow by the defeat of the miners and the "betrayal" of some council leaderships

who had "reneged" on the collective decision to defy government policy on rate-capping. But under the bold headline "No surrender to Kinnock: regroup the Left" *Briefing* calls for the urgent formation of a new alliance "who are prepared to challenge the present leadership."

It says: "As the party rides high in the opinion polls, the months ahead are likely to see renewed attempts by the right to witch-hunt socialists from the party and reverse key aspects of party policy. The fight for an accountable leadership continues."

It is felt on the left, that if Mr Kinnock and his new supporters do win the next election they will repeat the "failures" of the 1960s, and that if that happened the party could destroy itself.



Sir Yehudi and Lady Menuhin at their home in Belgravia, London, yesterday (Photograph: Dod Miller)

Sir Yehudi, violinist and great Briton

Yehudi Menuhin, the violinist has become a British citizen, it was disclosed yesterday. His naturalization papers were conferred on him in February.

The musician, who is 69, is now eligible as a British national to be called Sir Yehudi as he was given an honorary KBE in 1965. A spokesman for his agents, Anglo-Swiss Artists Management said: "He has not told us specifically that he wants to be addressed

by his title, but I know everyone will call him that."

The violinist, who has spent the greater part of his life in England, was born in San Francisco.

According to the spokesman, Sir Yehudi is delighted to have become a British national, but did not make an official application to the Home Office. "Details of what occurred are confidential," he said.

Barratt to cut timber housing

By Christopher Warman

Barratt Developments, Britain's biggest housebuilder, is largely abandoning construction of timber-framed homes as a result of criticism on television last year.

The latest issue of *Building* magazine reveals that Barratt will be phasing out timber-frame on all sites in England and Wales in the next four to six months, leaving construction by that method only in Scotland.

Controversy over timber-frame construction in the past two years culminated in a *World in Action* television programme. Since then there has been market resistance to timber-frame construction, and a dip in Barratt's sales.

From a peak in 1982-1983 when nearly one-quarter of new houses in Britain were timber-frame, the number has steadily dropped until it reached just 11 per cent at the end of 1984, a figure it held in the first quarter of this year. In England production was reduced to 8 per cent in 1984 rising to 9 per cent in the first quarter of 1985.

Barratt's timber-frame housing starts have fallen from a peak of 7,000 a year (48 per cent of its starts) in 1983, to 1,500 (15 per cent), Mr Mike Norton, Barratt's group marketing director, has said that Granada's *World in Action* programme did enormous damage to the timber-frame industry, but that the method remains perfectly acceptable.

Review of teachers' places on Burnham

By Lucy Hodges

Education Correspondent
Sir Keith Joseph, Secretary of State for Education and Science, announced a review yesterday of the composition of the teachers' side of the Burnham committee, which negotiates teachers' pay.

The news was greeted with glee by the smaller teaching unions, which suspect that the dominant position of the National Union of Teachers, the biggest teachers' union, is not justified by its present membership figures.

Mr Peter Dawson, general secretary of the Professional Association of Teachers, the smallest union, which has a no-strike policy, said: "This is a great day, not just for us and the teaching profession, but also for boys and girls in the schools. The result will be the removal of the NUT's majority."

Mr David Hart, general secretary of the National Association of Head Teachers, was delighted. "We would like to see the end of the NUT's majority, which we do not think is justified," he said.

Mr Doug McAvoy, deputy general secretary of the NUT, said the union would seek to prove that its representation was justified.

"We believe the review to be unnecessary and vindictive but we have nothing to hide," he added. "The Government's objective is to divert attention from the main issue of teachers' pay."

The Department of Education and Science said yesterday that Sir Keith had received nine requests from organizations and five requests from individuals, whom it would not name, for a review of the composition of the teachers' panel of Burnham, on the grounds that the number of members claimed by teachers' unions had changed since the last review "to the extent that they are not now represented in the balance of representation on the committee."

Teachers' unions will be asked to state their membership by June 30 and the review will be completed by the end of the year.

The NUT has a majority on the teachers' side of Burnham, with the help of the college lecturers' union, NATFHE.

The present figures, which give the NUT 16 seats on Burnham, compared with the seven of the NAS/UWT, the second biggest union, are based on memberships calculated at December 31, 1979.

Mr G. Gateshead in Tyne and Wear has joined local authorities supporting the teachers' pay campaign, bringing the total supporting the teachers in the North to eight.

Right-wing backing for Scargill on pit ballot

By Barrie Clement and Tim Jones

The man favoured by right-wingers for Britain's top trade union job astonished his supporters yesterday by backing Mr Arthur Scargill's refusal to hold a strike ballot.

Mr George Wright, the runner-up in the controversial poll for the most general secretary of the Transport and General Workers' Union, said the union movement needed no lessons on democracy from the Tory Government.

After praising the National Union of Mineworkers as the most democratic union in the country, Mr Wright defended its decision not to hold a national vote.

Mr Wright, speaking at the Welsh TUC yesterday, said: "I was not sorry that they did not hold a pithead ballot because I did not want large numbers of Nottinghamshire miners turning small numbers of Welsh miners out of a job."

Mr Wright and Mr Ron Todd, the victor in the first election, will take part in a re-run of the poll within the next two months.

Mr Wright, Wales national secretary of the TGWU added: "Let no one be in any doubt: I don't want any advice from the Tories, or support from the Tories, or money from the Tories for a union ballot."

Mr Wright's comments were seen as a means of boosting his waning popularity.

"We are still committed to work by ballots in the main," he said, with maximum participation and the right measure of control."

Meanwhile Mr John Garnett, director of the Industrial Society, has written to Mr Moss Evans, the present TGWU general secretary, asking for permission to scrutinize additional branch returns in the south-east area.

Mr Garnett's report on the ballot in the region found irregularities in eight out of 12 branches investigated.

Mr Evans yesterday refused to say whether the union would accede to Mr Garnett's request for additional information.

TUC chief supports Nacods ban on overtime

By Barrie Clement and Tim Jones

Trade unions were yesterday urged by Mr Norman Willis, general secretary of the TUC, to sign the National Coal Board in its tracks before it "cut a swath" through the industry.

He called on the movement to support fully leaders of the pit deputies union, who are urging their members to vote for an overtime ban in a ballot on May 10.

The National Association of Colliery Overmen and Deputies has called the vote because it believes the board and the Government has gone back on a promise to introduce new consultative procedures on pit closures.

Speaking at the Wales TUC yesterday, Mr Willis accused the board of dishonourable conduct, breach of promise and a "ruthless exploitation" of an advantage gained from the year-long strike, without regard for agreements in the industry.

The board has argued that it needed to suspend all colliery review agreements while it assessed the pit damage caused by the conflict.

Mr Willis pointed out that both the Bedwas colliery in Wales and the Frances complex in Scotland had been closed without agreement since the strike ended.

Mr Willis said that the modified procedure agreed with Nacods was supposed to be "sacrosanct" and not a glib, cynical device to try to deflect a dispute. The deal between the deputies and the board succeeded in averting the stoppage by the union which would have halted all coal production.

Mr Willis chose the conference at Tenby to make his first big pronouncement on the outcome of the coal strike in the closing stages of which he was tempting to walk a conciliatory tightrope between the National Union of Mineworkers and the Board.

He told delegates that after the strike there was a need to rebuild relationships. "But nationally, the NCB, instead of securing the peace, are carrying on the war."

Jenkin bars inquiry on island oil tests

By John Young

The Government has declined to hold a public inquiry into British Petroleum's plans to drill up to four test wells on Furzey Island in Poole Harbour, Dorset.

Last month's decision by Dorset County Council to approve the planning application caused a furore among conservation groups. It had been expected that Mr Patrick Jenkin, Secretary of State for the Environment, would accede to requests by The Countryside Commission, the Nature Conservancy Council and the National Trust to "call in" the application for his decision.

But the Department of the Environment said yesterday that there was no intention to intervene. Now that the three-week period allowed for objections had expired, it was up to the county council to decide what to do next.

The council is expected to issue a formal certificate to BP today to begin appraisal of what is considered to be by far the largest onshore oil field in western Europe.

Mr Fionn Holford-Walker, secretary of the Council for the Protection of Rural England, said last night that he found the Government's attitude most extraordinary. The area was of outstanding scenic and ecological importance and, if any place deserved an inquiry, it surely did.

Production from the Wytch Farm field, as it is known, is about 6,000 barrels a day from four wells on the Purbeck mainland. But a larger reservoir stretching out under Poole Harbour is estimated to contain 200 million barrels of recoverable reserves, and BP hopes to increase production to more than 40,000 barrels a day by the end of the decade.

FT warns print workers

By Our Labour Correspondent

Management at the *Financial Times*, has warned 26 print workers at the centre of an industrial dispute in its press room that their pay may be docked if the newspaper continues to lose copies.

The 26 machine managers, members of the National Graphical Association, have been operating an overtime ban since September.

During the past week the paper has lost 160,000 copies, which the management blames on press room difficulties, including breaks in paper rolls and damaged printing plates.

Film censorship to be upheld, Harewood says

Lord Harewood, the Queen's cousin and managing director of the English National Opera, yesterday promised that he would not relax film or video censorship when he takes over in June as president of the British Board of Film Censors.

He and the two vice-presidents, Lord Birkett and Miss Monica Sims, said they would take particular care over potentially harmful film or video material.

Consultants call for guide on private fees collection

By Nicholas Timmins, Social Services Correspondent

Hospital consultants' leaders are asking the Department of Health to produce a complete guide to rules covering private practice in the National Health Service and the collection of fees from paying patients.

The doctors have blamed health authorities for failing to collect millions of pounds from private patients, saying they are "fed up" with suggestions that they are responsible for the missing money.

Mr John Chawner, chairman of the British Medical Association's private practice committee, said: "There is a whole rogues' gallery of regulations, rules, laws, conditions of service, local agreements and interpretations of agreements by health authorities without any single document telling health authorities how to go about collecting private fees."

"We are hoping the department will produce a single document containing all the necessary information for both authorities and consultants to have," Mr Chawner said that so far as he could establish, no health authority had followed government guidance in 1982 by designating an officer responsible for identifying private patients and collecting fees.

Consultants could give hundreds of examples where they had identified private patients, but the health authority had then failed to present a bill, he said.

Computer hope in smear tests

By Thomson Prentice, Science Correspondent

The death rate of women from cervical cancer could be cut by three-quarters in the next 20 years if a computerized screening system is properly used, a leading specialist predicted yesterday.

Professor Alwyn Smith, president of the faculty of community medicine of the Royal Colleges of Physicians of the United Kingdom, said that many lives could have been saved had the existing system been more efficient. "But it is particularly disappointing that we have achieved no real results in the past 40 years."

Guidelines produced by the faculty have been issued to community physicians suggesting how government plans for a computerized system can best be implemented. "The important point is that it should be a computer-orientated service-initiated system," Professor Smith said.

That meant that health officials would take the initiative in calling women in for cervical smears, keep all individual records on file and update them as women were recalled at regular intervals.

"I see no reason why we shouldn't have a fully-working scheme within five years that would benefit some 20 million women," he said.

At present, about 2,000 women a year in Britain die from cancer of the cervix.

The National Health Service could double the number of patients treated by dialysis without buying any extra kidney machines, and claims that more than 3,000 kidney patients a year are being left to die are untrue, two leading kidney specialists said yesterday, Nicholas Timmins, Social Services Correspondent, writes.

Although Britain treats fewer kidney patients, at 33 new patients per million population a year, against 56 in West Germany and 44 in France, in some aspects it does well. Dr Alex Davison, renal physician at St James's University Hospital, Leeds, and Professor Geoffrey Giles, professor of surgery at the hospital said.

Of the 6,500 patients in Europe treated by continuous ambulatory peritoneal dialysis (CAPD), a form of dialysis that does not need a machine, 1,300 are in Britain.

£25,007 more for doctor in slimming libel case

Dr Sidney Gee, a Harley Street slimming expert, collected £25,007 in the High Court yesterday to add to the £75,000 damages he has received from the BBC for the *That's Life* television programme that branded him "a profiteering, unscrupulous quack".

The payment from the two doctors who supplied Ester Rantzen's programme with information raised the amount to £100,007, on the ninety-first day of the action. The sum is thought to be the highest recorded in an English court.

The costs of about £1 million paid by the BBC were also the highest ever and the two doctors face paying additional costs for the resumed hearing, thought to be at least another £20,000.

Dr Clemency Mitchell of Binfield, Berkshire, whose patient Mrs Elizabeth Day featured on the programme in

June 1983, agreed to pay £10,003 damages.

Dr Roger Blackwood, a heart specialist, from Windsor, Berkshire, where Mrs Day, a child care officer, aged 46, was referred, agreed to pay £15,004.

Both doctors had denied libel.

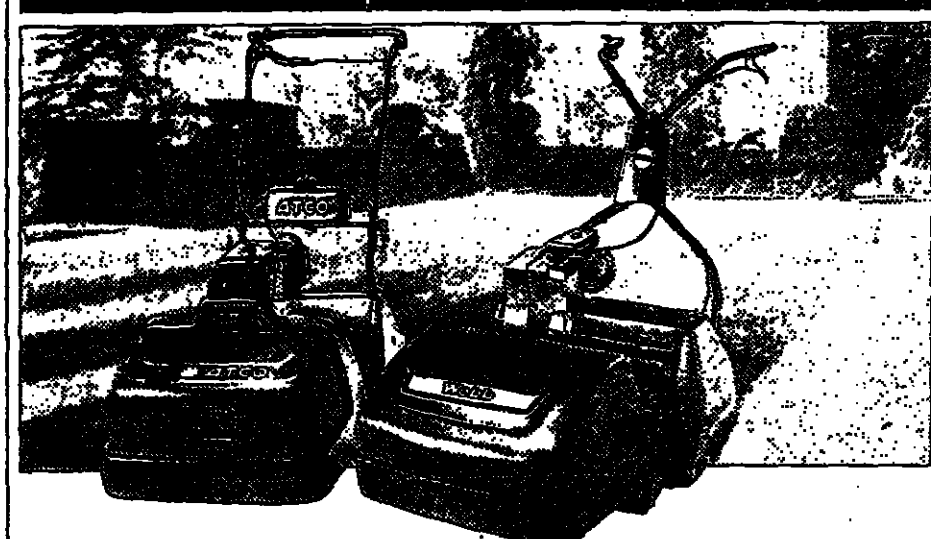
Mr Michael Beloff, QC, for Dr Gee told Lord Justice Croom-Johnson that the two doctors had "collaborated with the BBC without warning Dr Gee."

They attacked Dr Gee's treatment of obesity.

Dr Mitchell said that Dr Gee had acted in breach of professional guidelines. The judge's ruling on what was a "specialist" libel, shifted the position in favour of Dr Gee.

Mr Beloff said that both doctors had made it clear they did not impugn Dr Gee's honesty.

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Atco Commodore 44	£419.50	£410	£549.50
Atco Commodore 48	£459.50	£450	£589.50
Atco Commodore 52	£499.50	£490	£629.50
Atco Commodore 56	£539.50	£530	£669.50
Atco Commodore 60	£579.50	£570	£709.50
Atco Commodore 64	£619.50	£610	£749.50
Atco Commodore 68	£659.50	£650	£789.50
Atco Commodore 72	£699.50	£690	£829.50
Atco Commodore 76	£739.50	£730	£869.50
Atco Commodore 80	£779.50	£770	£909.50
Atco Commodore 84	£819.50	£810	£949.50
Atco Commodore 88	£859.50	£850	£989.50
Atco Commodore 92	£899.50	£890	£1,029.50
Atco Commodore 96	£939.50	£930	£1,069.50
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Modern art records still disappoint

By Geraldine Norman, Sale Room Correspondent

Christie's set a new batch of auction price records for contemporary artists in New York on Wednesday, including \$880,000 (£692,914) for a Franz Kline, but the prices were not in the main up to sellers' expectations.

"I can't tell you how many consignors have been on the phone complaining", Martha Baer, the department head, said. As a result of a few exceptional prices for exceptional pictures, owners of contemporary art, long a speculative market, seem to have raised their expectations far beyond realism.

Outstanding works are fetching huge prices but no one wants middle-quality works and dealers do not seem to be supporting the market. Christie's sale made a total of £3.3 million but 21 per cent was unsold. The 10-foot Kline of 1960, an abstract pattern of black paint on white called "Untitled", had

been estimated about \$600,000 to \$800,000 and went on the high estimate. There was a small de Kooning, "Woman, Wind and Window II" of 1950 at \$495,000 (estimate \$350,000-\$500,000) or \$389,764, a huge Morris Louis colour field work called "Mu" at \$385,000 (estimate \$350,000-\$450,000) or \$303,150 and a record \$275,000 (estimate \$200,000-\$300,000) or £216,535 for Hans Hoffman's six-foot "Ave Maria" of 1965.

Sotheby's sale of decorative arts in London had a wonderful windfall for a woman from Langollen. Her Ashbee cabinet of about 1906 sold for £52,800 (estimate £20,000-30,000). The unnamed woman had brought a design for the cabinet in to one of Sotheby's advisory days in Langollen.

When the Sotheby's expert expressed an interest she admitted to having the cabinet as well

as the design. She had been brought up with it and had never looked on it as more than a piece of furniture. Ashbee founded the Guild of Handicraft in the Cotswolds, best known for silver wares. His furniture is rare and a piece for which the design survives a special treat. It was bought by an American private collector against competition from the London trade. The sale made £433,921 with

Lords rule in favour of woman who signed away Rent Acts protection

By Christopher Warman, Property Correspondent

The rights of a tenant to protection under the Rent Acts although she had signed a "licence" agreement with her landlord were upheld in a House of Lords judgement yesterday.

In a decision which could have important repercussions, five Law Lords allowed unanimously an appeal by Mrs Wendy Mountford, who lives with her husband in a furnished flat in St Clement's Gardens, Bournemouth, against a ruling last April in favour of her landlord, Mr Roger Theodore Crispin Street, a solicitor of Highcliffe, Christchurch.

Commenting on the decision, the Small Landlords Association said the ruling in Mrs Mountford's favour could lead to a "great loss of confidence" among private landlords and a decline in the number of new lettings.

In March 1983, Mrs Mountford signed a £37 a week agreement expressly stating that she understood and accepted that the licence to occupy the flat did not give her the protection of the Rent Acts. She applied later for a "fair" rent to

be fixed and was given notice to leave by Mr Street.

The case rested on the distinction between a tenancy and a licence, and the argument depended on a claim by Mrs Mountford that the agreement indicated a lease, while Mr Street claimed it was a licence.

In the agreement, signed on March 7, 1983, Mrs Mountford stated: "I understand and accept that a licence in the above form does not and is not intended to give me a tenancy protected under the Rent Acts."

Giving judgement yesterday, Lord Templeman said that if Mr Street had won he would have driven "a coach and horses" through the Rent Acts.

On a true reading of the agreement, Lord Templeman said he was satisfied that Mrs Mountford was a tenant. By the agreement, Mrs Mountford was granted the right to occupy residential accommodation.

"The landlord did not provide any services or attendance. It was plain that Mrs Mountford was not a lodger. Where, as in the present case, the only circumstances are that residential accommodation is offered and accepted with exclusive

possession for a term at a rent, the result is a tenancy."

Lord Templeman said that on a true reading of the agreement he was satisfied that Mrs Mountford was a tenant, and the Court of Appeal ruling that Mr Street was entitled to possession of the flat must be set aside.

Lord Scarman, Lord Keith of Kinkaid, Lord Bridge of Harwich and Lord Brightman agreed in allowing the appeal, and Mr Street was ordered to pay Mrs Mountford's costs.

The Small Landlords Association said the decision would have serious consequences for landlords, for the full Rent Act protection "with all its awesome consequences" will descend upon owners who have let on exclusive occupation licences.

The Association said that the case provided a loophole for the occupant, and added that the ruling could apply to other "loopholes" in company lets where the company sub-lets on licence to its employees, and in bed-sit lets where the owner reserves to himself the right to move the occupants from one room to another.

Law Report, page 4

Farmer to pay rates on point-to-point land

By Rupert Morris

An Oxfordshire farmer lost his appeal in the House of Lords yesterday over the imposition of local government rates on agricultural land used once a year for point-to-point horse racing.

Mr Christopher Lloyd, who farms 2,300 acres at Lockinge, near Wantage, had appealed against a land tribunal decision in 1982 that Newbury council could levy a rate of £850 on 65 acres used every Easter Monday for the Lockinge Point-to-Point. He claimed it was agricultural land and should therefore be free of rates.

Giving judgement after five law lords had unanimously dismissed the appeal, Lord Bridge of Harwich said: "We are not concerned with the kind of old-fashioned cross-country horse race to the village church as the winning post. What we are concerned with in this case

although it is only used once a year, is a modern, well equipped and sophisticated point-to-point racecourse.

"If this is not the kind of racecourse use the legislature had in mind as excluding the farmer's exemption from rating, I find it difficult to imagine any that would be."

Most of the profits from the meeting, which raised £9,000 in 1979, go to the Oxfordshire Hunt, of which Mr Lloyd is chairman, the court was told.

He was inspecting restoration work.

Towering faith

The Roman Catholic Bishop of Nottingham, the Right Rev James McGuinness, yesterday carried out a service 170ft up at the top of his cathedral tower, wearing a safety helmet with the words "In God we trust".

He was inspecting restoration work.

Health food challenge to restaurants

Eating-out habits in Britain are changing according to a survey published yesterday. For years the most popular restaurant meal has been prawn cocktail, steak with chips and peas, and black forest gateau.

But now the nation is turning to healthier foods and more exotic tastes. *Caterer and Hotelkeeper* magazine says in its annual survey of eating trends.

The favourite meal is still steak and chips, but salads have almost everywhere supplanted peas, and in some establishments even threaten chips.

Meat as a main course is also for the first time being seriously challenged. Although steak is supreme at dinner and roast beef is favourite for lunch, more than a quarter of the restaurants surveyed offer vegetarian main courses.

Confusion over law on possessing wild birds

A falconer, Eric Kirkland, was fined £625 yesterday and ordered to pay £500 costs after being convicted of illegally possessing four goshawks and illegally selling two of them. He was acquitted of a further charge of selling a goshawk.

The case, heard by magistrates at Ashton under Lyne, Greater Manchester, was one of the first to be brought under the Wildlife and Countryside Act 1981.

It had been adjourned last month, when Mr Mark Love, prosecuting for the Royal Society for the Protection of Birds, said that the prosecution had only to prove the defendant was physically in possession of a bird covered by the Act. It was up to the defendant to prove he held the birds legally.

However, Mr Peter Pluck, solicitor for Kirkland, aged 39,

Abuse of girl 'possible for two years'

By Tony Samstag

Jasmine Beckford may have been abused physically by her stepfather continually for more than two years after she was returned to her parents from a foster home, the independent inquiry into her death was told yesterday.

It was said that the girl's mother was probably afraid to tell her social worker the truth.

Miss Alix Causby, a social worker specializing in child abuse who was appointed guardian *ad litem* (court representative) of the two surviving Beckford children after the girl's death last July, quoted conversations with her mother, Beverly Lorrington.

Miss Causby said the mother insisted that from the time the girl and her younger sister, Louise, had returned home in April 1982 they had been abused physically by the stepfather, Maurice Beckford, "mainly as punishment".

Lorrington had told Miss Gunn Wahlstrom, her social worker, that she wanted to leave Beckford but "couldn't bring herself to do it".

She did not tell Miss Wahlstrom why, partly because she was afraid of losing the three children.

Beckford and Lorrington, both aged 25, were jailed earlier this year, for, respectively, the manslaughter and neglect of Jasmine Beckford, aged four, whose death occurred while she was in the care of Brent council, north London.

Miss Causby said that in studying the case she had been concerned to find "no record anywhere of arrangements for medical checks on the children after their return to the family."

The family background of mother and stepfather, both of whom had been themselves been "abused and neglected" as children should also have been available in case records, Miss Causby said.

The inquiry at Brent town hall resumes on Wednesday.

After the case Mr Pluck added: "Today's decision has far-reaching implications because it means that as the law stands at the moment and is being interpreted, these four birds and any brood from them can never be classed as being kept legally."

Lee, who was a member of the Royal and Diplomatic Protection Group, had taken photographs of the girl when she was 14, in "highly suggestive poses" prosecution said.

Lee, aged 52, of Preston Drive, Bexley Heath, Kent, who retired last year, pleaded guilty to five offences, including indecent assault.

Lee, who was a member of the Royal and Diplomatic Protection Group, had taken photographs of the girl when she was 14, in "highly suggestive poses" prosecution said.

Lee, aged 52, of Preston Drive, Bexley Heath, Kent, who retired last year, pleaded guilty to five offences, including indecent assault.



Private Derby on parade

The Duke of Devonshire (above) inspecting a parade of the Worcestershire and Sherwood Foresters Regiment at Warminster, Wiltshire, yesterday. The regiment's new mascot, Private Derby XXV, presented from the duke's flock at Chatsworth, Derbyshire, was paraded for the first time (right) with his handlers.



Tourists undeterred by Benidorm bomb

By Our Commercial Editor

The travel trade decided yesterday not to discourage holidaymakers from going to Spain in spite of a bomb attack in Benidorm on Wednesday night.

The advice came from the Association of British Travel Agents (Abta) after talks with the Foreign Office, which said that the British Embassy in Madrid was in touch with the Spanish authorities "on measures to protect tourists."

When 130 holiday makers turned up for a flight from Birmingham airport to Alicante, near Benidorm, yesterday Thomson Holidays offered cancellation and a refund. Nobody took up the offer.

Most tour operators would demand a cancellation fee of half or more of the holiday cost, but all are likely to offer help in arranging an alternative.

The Spanish Interior Ministry is to send more bomb disposal personnel to the Mediterranean coast. The police were yesterday checking beaches at Benidorm, and at Valencia, where a second small bomb went off on Wednesday (Richard Wigg writes from Madrid).

The bombs, which caused no damage or injuries, were assumed to have been planted by the Basque separatist organization, ETA.

Embattled ETA, page 6

Corporal 'took gun' on day of killings

Corporal Andrew Walker signed out a sub-machinegun on the morning three men died in a robbery, Edinburgh High Court was told yesterday.

An armoured car at Ritchie Camp, Kirkcubright, Midlothian, private Kenneth Pirie, of the Royal Scots, said that Walker, aged 30, asked for a self-loading rifle and sub-machinegun.

"I asked why he had not gone to his own armoury. He said B company's armourer was not there and he was in a hurry to get on with training." Private Pirie gave Walker, who faces a triple murder charge, a sub-machinegun.

It is alleged that Walker shot a retired Major, David Cunningham, aged 56; Staff Ser-

geant Terence Hosker, aged 39, and private John Thomson, aged 25, and robbed them of a £19,000 payroll on January 17, between the Royal Bank of Scotland, in Penicuik and Flotterstone, Midlothian. Private Pirie said he reported Walker overdue at about noon. At 2 pm he returned the weapon and asked to keep the signing-out sheet.

Corporal James Harris, of the Royal Electrical and Mechanical Engineers, who had twice lent a private pistol to Walker when they were stationed at Glencorse Barracks, the payroll victims' base, said he tried to borrow it again the day before the murders.

The trial was adjourned until today.

Beer boost after two years but spirits sag

By Derek Harris, Commercial Editor

Beer sales are improving, with those of larger the most buoyant, but sales of spirits are sagging.

The new drinking patterns emerged from industry statistics yesterday when the Brewers' Society said that beer reports from the trade, including public houses and off-licences, were indicating an improved trend in a market that has seen no growth for two years.

Beer production in March was up 0.6 per cent at 2.9 million bulk barrels compared with the same month last year, leaving production in the first quarter of this year down 1 per cent on annual comparison.

The society said: "The slight increase in March production reflects the upward trend in sales." The first quarter figures indicated a general stabilization of the beer market, the society said, because the effect of bad weather on sales had to be taken into account.

Lager continues to forge ahead, with raised volume that is increasing its market share. Lager accounts for 39 per cent of all beer sold.

As table wine sales continue to rise, demand has also improved for sherris and vermouths while port sales have risen by nearly a third.

Spirits sales last year moved down 0.6 per cent compared with 1983.

Gin, which sold well in 1983, saw sales drop 3.1 per cent last year and scotch had a 2.7 per cent downturn, the association reported.

Home-produced spirits overall showed a drop of 2 per cent while imported products, which also include rum and brandy, went up by 4.2 per cent. Rum sales were up 2.7 per cent, cognac was down 2.6 per cent.

Scotch whisky exports earned £225 million in the first quarter of this year, a tenth more than in the same period last year.

POOL HEATING COSTS CAN DIP 50%

You may not have heard about it yet.

But many local authorities have found a way of splashing out far less on their heating.

This is due to two recent developments.

One. In late 1983 supplies of gas became more available. So councils using other fuels could at last turn to gas.

Two. The latest gas heating equipment is getting more fuel-efficient.

The City of Birmingham changed to gas to provide space and water heating for their Great Barr public swimming baths.

Now their fuel bill is at least 30% lower.

West Lancashire District Council were already using gas to heat the Park Pool at Ormskirk and the Nye Bevan Pool in Skelmersdale.

By fitting a gas engine-driven generator at each pool, consumption of bought-in electricity was reduced by 70%. These installations together with new heat recovery equipment, cut gas consumption by 50%.

And there are similar savings being made by local authorities up and down the country.

Whether they're heating sports centres, conference centres, schools, town halls or hospitals.

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We'll help you by answering both your current and future fuel requirements. We'll also advise you on what equipment best suits those needs.

You'll be pleasantly surprised how quickly the resultant savings will pay for the cost of the new installation.

Unless of course you enjoy the sinking feeling that comes with a heavy heating bill.

Gas

GAS IS WONDERFUL

130 trains to get pay-phones

More than 130 Inter-City trains will be equipped with pay-phones by the end of the year, British Rail said yesterday. Passengers will be able to make domestic and overseas calls, but the telephones will not accept incoming calls.

At least one telephone kiosk will be provided in each of the new Manchester, Merseyside and Yorkshire Pullman trains when they go into service on May 13. UK calls will cost 10p for 10 seconds and international calls £1.20 a minute.

By the end of this year all Inter-City 125 trains between London, South Wales and the West Country will be equipped with telephones. An experimental scheme was introduced on services between Paddington and Bristol and South Wales last year.

Mr Cyril Bleasdale, director of Inter-City Services, said: "When we introduced the phones on our West Country services, we found people used them twice as much as we had anticipated. Our research shows that half the calls were of a business nature and the other half were personal."

British Rail yesterday unveiled its new-style Pullman coaches in an inaugural run from London to Liverpool. The £5 million fleet of new coaches will provide 10 services between London and Manchester every Monday to Friday from May 13, and eight between London and Liverpool.

Opera extension

Sir Alexander Gibson, founder of Scottish opera, is to remain the company's Music Director for an extra year, until it celebrates its twenty-fifth anniversary in June 1987.

Love potions that could endanger health

By Thomson Prentice, Science Correspondent

Such legendary love potions as Spanish fly, powdered rhino horn and ginseng probably do more physical harm than good, and their unproven side-effects can kill more than one's passion.

Absinthe doesn't make the heart grow fonder but causes epileptic fits and madness. Spanish fly by-passes the heart, altogether and goes straight for the kidneys, which it can destroy within 24 hours.

Rhino horn contains, among other things, phosphorus and calcium, and a diet deficient in either of these vital elements

might result in muscle weakness and languor. But while supplements might rekindle an interest in sexual activity, they would have absolutely no effect on anyone with a normal diet.

"The only active principle in a preparation of rhino horn seems to be its reputation", according to Dr Peter Taberner, a pharmacologist and author of *Aphrodisiacs - The Science and The Myth. The Science*, which reflects eight years of laboratory study of ancient and modern potions, is published on May 23.

Ex-royal guard jailed 3 years for sex offences

Anthony Lee, a former policeman who guarded the Royal Family, was jailed for three years at the Central Criminal Court yesterday after he admitted that he committed sexual offences against a teenage girl over a three-year period.

Lee, who was a member of the Royal and Diplomatic Protection Group, had taken photographs of the girl when she was 14, in "highly suggestive poses" prosecution said.

Fortunately there are some signs that the nadir of trading conditions is being reached. If substance can be given to the current glimmerings of reality in the market, we can face the future with every confidence.

American embargo on trade with Nicaragua provokes widespread outrage but support in Congress

Managua ready to counter squeeze by US

From Alan Tomlinson, Managua

Nicaragua is preparing a series of internal measures to meet the emergency brought about by the trade embargo imposed by the United States. Vice-President Sergio Ramirez has declined to enlarge on the type of steps being studied, but says they will take into account additional measures the United States might adopt "as though they had already been taken."

"We can't go on here acting naively and thinking that President Reagan's conscience is suddenly going to tell him he is doing wrong," he said.

Although the embargo, which bans Nicaraguan shipping and aircraft from the United States, is a severe blow to the country's economy, Mr. Ramirez said it would not affect the entire population, perhaps harming the revolutionary process least of all. "No commercial blockade, no matter how great its magnitude, puts at risk the social, political and economic project of the revolution," the Vice-President said.

In fact, the embargo would hurt above all those Nicaraguans sympathetic to the United States, the private entrepreneurs who still accounted for 60 per cent of production, Dr. Ramirez cited cattle-ranching and banana-growing, two industries most severely affected, as "eminently private in nature."

Nicaragua intended to denounce the sanctions before the United Nations, the Organisation of American States, the International Court of Justice at The Hague, and the General Agreement on Tariffs and Trade.

Dr. Ramirez characterized the embargo as "a low blow" to the Contadora peace process, but said it would not influence Nicaragua's unilateral gestures such as the sending home this week of 100 Cuban military advisers.

He dismissed suggestions that the US action would push his Government closer to Moscow. Rather, he said, it would push Nicaragua closer to all countries, including the Soviet Union, prepared to come to its aid with new markets.

Nicaraguan imports from US, 1984: \$111.5 million, mainly in agricultural chemicals, fertilisers, farm machinery and spare parts. US imports from Nicaragua, 1984: \$57 million, \$23.5 million of which was for bananas and \$2.8 million for grade B beef. Other imports include coffee and beans. The US virtually eliminated the Nicaraguan sugar quota in 1983; imports in 1984 totalled about \$2 million. Debt Nicaragua owes about \$4.5 billion worldwide and has made no payments towards its US debts since June 1983. US pressure has blocked loans to Nicaragua by the inter-American Development Bank. Alone among Central American countries, Nicaragua refuses to accept IMF conditions for loans.

Source: US State Department.

States, takes effect officially only on Tuesday, the Sandinista Government has taken the immediate precaution of cancelling flights to United States destinations by the national airline, Aeronica, and halting current exports to America.

Dr. Ramirez dismissed as comic the notion that his Government might retaliate against the United States "This is not a conflict between two superpowers. The Reagan Administration is not trying to destroy an equal but a poor country, full of great suffering and great limitations," he said.

Nicaragua did not even have the capital or foreign exchange needed to stockpile such things

as raw materials, spare parts, fertilisers and pesticides which the embargo would deny it.

Dr. Ramirez denounced the United States action as an irrational reprisal reflecting "the impotence of the Reagan Administration after its repeated failure to make Nicaragua yield" to military and political pressures.

Mr. Reagan had failed at home politically to convince the United States Congress to continue funding the anti-Sandinista counter-revolutionary forces known as the Contras, just as the Contras had failed on the battlefield, where they faced a definitive defeat, he said.

President Reagan had now turned to economic measures which would affect the entire population, perhaps harming the revolutionary process least of all. "No commercial blockade, no matter how great its magnitude, puts at risk the social, political and economic project of the revolution," the Vice-President said.

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Nicaragua did not even have the capital or foreign exchange needed to stockpile such things



Belgrade tribute: President Ortega laying a wreath yesterday at the tomb of President Tito.

Capitol Hill united on hard line

From Christopher Thomas, Washington

President Reagan's trade embargo against Nicaragua yesterday given fulsome praise by key Republicans and drew a wide measure of support from leading Democrats. The White House and Capitol Hill, quite suddenly, are co-operating on tactics to force the Sandinista Government to pull away from the Soviet Union.

Striking analogies were drawn between the move against Nicaragua and the similar sanctions imposed on Cuba 25 years ago.

Analysts say the principal difference is that Cuba moved swiftly and decisively into the Soviet camp after the revolution, while Nicaragua is consolidating more cautiously as a Soviet-backed state, making it perhaps more susceptible to US pressure.

Central American nations generally kept their counsel, out

of reluctance to be involved in the verbal hostilities between the Sandinistas and the Reagan Administration. But privately, the mood was grim. Latin American diplomats continue to fear that Mr. Reagan's ultimate objective is a military solution.

There was apparently little consultation with Latin American allies. They have often warned that they could weather any US move against Nicaragua except over military action, which they feel would strengthen left-wing movements throughout the area and create waves of anti-American protests.

President Reagan's declaration of a national emergency to deal with "An unusual and extraordinary threat to the national security and foreign policy of the United States" struck a chilling chord among

Latin American allies. But Administration officials point out that the language was a high-sounding legal requirement for invoking trade sanctions, and should not be taken too literally.

Nicaraguan officials say they violate provisions of the General Agreement on Tariffs and Trade as well as the Charter of the Organisation of American States.

BONN: President Reagan yesterday said he would push ahead with the embargo even if Mr. Reagan's pathological hatred for the revolutionary Government in Managua (Reuters reports).

"It won't make much difference what they do; we're going to go ahead with our sanctions," Mr. Reagan said. "We don't recognize the jurisdiction."

Ortega fears military action as follow-up

From Dossa Trevisan, Belgrade

President Daniel Ortega of Nicaragua yesterday described the US trade embargo as a serious measure which he believed would be accompanied by military action. He called on President Reagan to resume negotiations.

Speaking at the end of a two-day visit to Yugoslavia before leaving for Bulgaria, he denied that Nicaragua was a threat to any nation. It would welcome international inspection "provided the US did the same - to ascertain the source of instability."

LONDON: Mr. Neil Kinnock, the Labour leader, wrote to Mrs Margaret Thatcher expressing the Opposition's grave concern at the US boycott.

He said: "This act by an immensely powerful country against a small and poor nation is both vindictive and dangerous," and accused Mr. Reagan of "a political, economic and military vendetta" against Nicaragua.

Mr. Stanley Clinton Davis, a member of the European Commission and former Labour spokesman dealing with Central America, took the unusual step of a personal statement criticising the embargo.

"The United States is acting in a fit of pique because of the refusal of Congress to bend to the President's will," he said.

"The deep hostility shown by the United States to everything that the Nicaraguan Government stands for, regardless of its policies, is driving Nicaragua into the arms of such allies as it can find."

MOSCOW: The Soviet news agency Tass said that the embargo was a means to vent Mr. Reagan's pathological hatred for the revolutionary Government in Managua (Reuters reports).

OTTAWA: Canada had no intention of following the US lead on imposing a trade embargo against Nicaragua, Mr. Monique Vézina Minister of State for external relations said. Canada's diplomatic and commercial relations with Nicaragua were normal (AFP reports).

Aid worker denies forced evacuation of Ethiopian camp

By Richard Dowden

Famine victims forced from Ethiopia's largest relief camp by government officials may die on their way home, the head of an aid agency working there said yesterday, but he denied that they had been "burnt out" or forced to leave at gunpoint.

"Some simply won't make it," said Father Jack Finnane, the Irish priest who heads the Concern team in Ethiopia and who visited Ibat camp in Gondar province on Tuesday.

The operation began on Sunday when nearly 60,000 people were told to return home by party officials.

"The people were very docile," he said. "They were told they had to leave and they did, in small groups over two and a half days." Only a few were given rations for the journey, but officials promised they would get rations and seed corn when they reached their homes.

Major Dawit Wolde Giorgis, head of the Ethiopian Relief and Rehabilitation Commission, said yesterday that a report in *The Washington Post* claiming that the camp had

been evacuated by force and burnt was a fabrication.

As Major Giorgis set off to tour the area by helicopter yesterday, with the United Nations special representative in Ethiopia, Mr. Kurt Jansson, he said that 30,000 had left the camp voluntarily to return to their homes and 25,000 remained at the feeding centre.

He said all those who had left had been given provisions as well as seeds to take advantage of the recent rains.

Father Finnane said only 3,000 elderly or infirm were left at the camp. A spokesman in London for World Vision, another aid agency which has workers at the camp, said about 2,000 remained and were being given medical assistance.

Many of the famine victims face a two-week wait to their homes and would be unable to carry enough seed corn.

Ibat camp has grown dramatically since early March from 3,000 inhabitants to about 60,000. It lies on a dry flat plain, and the refugees have built a sort of shanty town of sticks and grass.

Its lack of organization has given rise to fears of an epidemic. Aid workers point out that the risk of disease among those people remaining would be lessened by burning down the huts and shacks.

No one disputes that the camp has no long-term future, and the people would have to return to their homes eventually. The recent light rains have brought hope that heavier rains due in June may also arrive on time this year.



The Bonn Summit

Star Wars dominates private talks

From Nicholas Ashford, Bonn

The United States received broad support for its Star Wars space research programme from its chief allies yesterday, but they remain undecided about whether or not to participate in it.

Mr. George Shultz, the US Secretary of State, told journalists after a series of bilateral meetings between President Reagan and allied leaders attending the Bonn economic summit: "In general I think it is very clear that everybody supports the importance of doing this research."

"Some want to participate in it, others haven't made up their minds, others probably won't. But as to the importance of the US pursuing the research there are no doubts."

Mr. Reagan's Strategic Defence Initiative, as Star Wars is officially termed, has quickly emerged as the dominant political issue at the seven-nation summit, which began here last night.

Although the Americans are satisfied with the expressions of support for their \$26 billion (\$21 billion) research programme into a space defence system, they are unlikely to receive formal endorsement of the plan.

Unlike last year's summit in London, when a series of political statements were issued, there will be only one this time. It will deal broadly with the themes of peace, democracy and the importance of the Western alliance and will not make any specific reference to Star Wars.

The most fulsome support for the programme came from

Crew clean up soiled Challenger

Cape Canaveral (AP) - Using a vacuum cleaner and plastic bags, NASA's astronaut crew cleaned but did not completely stop the flow of animal food and faeces into their orbiting laboratory yesterday. An ailing monkey appeared to be recovering and was moving about.

The crew also shut down a second failed experiment and ground managers decided not to extend the mission beyond its planned landing on Monday. They wanted an extra day to gain additional scientific data, but fuel was insufficient for this.

Town ends war with France

Madrid - A "peace treaty" was signed yesterday at Mostoles, near Madrid, between the local mayor and the French Ambassador in Madrid to conclude hostilities started when French troops invaded Spain during the Napoleonic Wars (Richard Wigg writes).

The mayor of 1808 was famous for his May 2 appeal to Spaniards to resist, and no successor until yesterday had dared conclude that war.

Pope's penance for Mary film

Rome (AP) - The Pope will recite the rosary in public here tomorrow "to repair the offence inflicted" on the Virgin Mary by the currently released French film *Le Vaisseau Marie* (Hail Mary). Vatican radio said.

Jean-Luc Godard's film depicts her as the girlfriend of a taxi driver named Joseph and she is shown nude in some scenes.

Anzuz patch-up

Sydney (Reuters) - The three Anzuz partners will hold talks on their troubled defence alliance this weekend for the first time since New Zealand's anti-nuclear stand caused a rift in the pact.

Falkland first

Port Stanley (AP) - The first wide-bodied jet plane to land on the Falkland Islands, an RAF Lockheed TriStar, touched down on the new strategic airport under construction at Mount Pleasant. It was a proving flight ahead of the official opening later this month.

Tunis call

Tunis (AFP) - Mr. Richard Luce, Minister of State at the Foreign Office, arrived here from Cairo for a two-day visit during which he will have talks with President Bourguiba and Mr. Cheddi Klibi, secretary-general of the Tunis-based Arab League.

Nazi case delay

Cleveland, Ohio (Reuters) - A US judge ordered an indefinite stay pending appeal in the extradition to Israel of John Demjanjuk, a 65-year-old Ukrainian immigrant accused of murdering thousands of Jews in the Nazi death camp at Treblinka.

Fatal feet

Los Angeles (AFP) - A Thai singer, Ponsak Trakulrat, was charged here with killing a Laotian because he thought the man was insulting him when he placed his feet on a restaurant chair and pointed the soles towards him while he was performing.

Four years old.
Seriously underweight for her age.
Scavenging for food where
she can find it. And she's English.

With a stepfather who refused to acknowledge that she even existed and a mother who was too frightened to help her, this child was being slowly and deliberately starved.

She was feeding herself out of dustbins, and when the case came to our attention the child was suffering seriously from malnutrition.

It didn't happen in the famine stricken third world. It happened in a nice English town, (like the one you live in).

The NSPCC doesn't set out to punish the parents or break up the home.

We can give positive help by protecting the child while we provide assistance and advice that both the child and the parents obviously need.

£15.48 can protect a



child for two weeks. That's the sum we're asking for now.

The rate of public donations is just about keeping pace with the number of new cases we have to tackle.

If ever that source of money dries up, we'll have to seriously cut back our services.

If you can't afford a fortnight's worth of protection, whatever you can afford will be gratefully received.

And it will all go to help more than 40,000 of your fellow countrymen.

I would like to help protect a child, and I enclose my cheque or postal order for £15.48. Access and Visa card holders may debit their accounts.

No.

Signature

Name

Address

Postcode

NSPCC

Please send your donation to: Dr. A. Gilman, NSPCC, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

Tourists under threat

Embattled ETA aims at psychological damage

From Richard Wigg, Madrid

ETA, now suddenly in the limelight because of its threat of a campaign against tourists holidaying in Mediterranean resorts, is believed by the Spanish Government to be severely limited in its capacity for major operations.

But its ability to make trouble finds an ideal target in the Spanish tourist business. This disruption does the maximum of psychological damage for the minimum of logistical effort.

The group has already staged disruptive campaigns at summer holiday resorts and in Madrid in 1979, and again in 1980, when the fatal victims were all Spaniards.

Announcing its latest campaign last week, the Basque left-wing terrorist organisation said they would be striking at "the economic interests of the oppressive Spanish state in tourist zones" in protest against steps taken by the Socialist Government of Señor Felipe Gonzalez, which has restricted the Basque country's heavy industry, negotiated to join the EEC and remained in Nato.

ETA claims these moves mean only "more dependence and poverty" for the Basque region.

ETA was founded in 1959 by a group of Basque nationalist students to fight the Franco regime and its repression of Basque nationalism since the Civil War. The campaign of

violence, which dates back to the early 1960s but according to the Spanish Government, involved some 500 killings, often of police and security forces as well as the Army.

Its biggest

Civil war in Lebanon

Contempt of Christian refugees for own militia growing

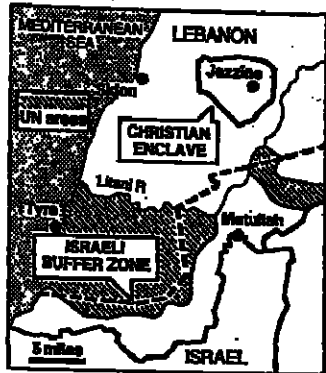
From Robert Fisk
Jezzeine, Lebanon

The man was almost apologetic, over-polite and anxious as he spoke. "I lost everything," he said. "I lost my home and my land in Sidon. Now I have nothing. I'm not important. Just say I'm a Christian called George."

His family were leaning against his old Mercedes, their bedding piled atop the vehicle. There were five women in the next car in line, staring hopelessly through the windows as if someone was about to tell them they could go home. There were 50 cars in all, lined up over a little bridge in Jezzeine, waiting for the next refugee convoy north to Beirut through the mountains of the Chouf.

The beautiful little stone town, a holiday resort in better times with its mountain walls on every side and its complement of scruffy Christian militiamen, is crowded out with Christians who fled their homes above Sidon when the Palestinian and Muslim militias counter-attacked last week. Perhaps 10,000 are still in the town, sleeping rough in schools in empty houses and unfinished apartment blocks, some in the cars in which they escaped.

They are not poor people - or they were not poor until they lost their homes - and several were wearing suits as they walked their children past the forgotten souvenir shops yesterday. About the only thing they



had in common was their enmity for their own Christian President and a growing contempt for the Christian Phalangist militia which withdrew to Beirut 24 hours before the Muslim and Palestinian advance.

One of those Phalangist militiamen had not gone to Beirut. He was sitting yesterday amid 17th century antique furniture in the living room of one of Jezzeine's most opulent homes. We had last met outside Sidon after Mr Samir Geagea, the Phalangist leader, had ordered his men to leave.

"I don't know what went wrong," he said. "Geagea told us to go. I got stranded here. I don't know what the future is. But when I do go back to Beirut, be sure I am going to ask Geagea what happened."

Jezzeine's political leaders Mr Nadim Salem, the parliamentary deputy, and Mr Jean Aziz, a former Lebanese Minister -

are carrying on a series of delicate negotiations with Mr Walid Jumblatt, the Druze leader, to prevent the refugee-packed town coming under attack. "Why should we have a war here?" Mr Salem was asking yesterday in that rhetorical way that people do when they are on the losing side.

"We don't want a war with the Druze. Why, we've been living beside them all these years." The Druze are not very far away. In Jezzeine yesterday you could hear the thump of shellfire down at Kfar Falous where Mr Antoine Lahd's Israeli-created "South Lebanon Army" militia were holding off the Palestinians and Muslim guerrillas. Mr Jumblatt has ordered Mr Lahd's men to leave Jezzeine as a condition for a lasting ceasefire. Mr Salem would rather not discuss the subject.

"I have nothing to say about the 'South Lebanon Army'," he said. "Naturally, we are grateful to them for defending us. Nobody else is prepared to defend us. But we are civilians here. We cannot be responsible for military people."

Mr Aziz's porticoed home had a back room filled with militia officers, policemen, a priest and several businessmen, all working out a formula to save Jezzeine from attack. Mr Aziz himself felt the situation was "too delicate" even to reveal the number of refugees in the town.

The International Red Cross believe that at least 30,000 Christians fled their homes east of Sidon, up to 10,000 of whom have now driven south through the mountains to Israel's buffer zone, camping out in schools and empty buildings in Marjayoun and Bent Jbeil. Red Cross figures show that at least 20 Christian militiamen have been wounded on the front line.

● METULLA: South Lebanese Christian leaders yesterday appealed to the international Christian community to provide urgently needed financial aid to help feed and house the 18,000 Christian refugees who have flocked to villages close to the Israeli border following the recent fighting in central Lebanon. (Christopher Walker writes)

Mr Francis Rizk, spokesman for the newly formed South Lebanese Christian Aid committee, told *The Times* that some 40 per cent of the refugees who had arrived from the stricken villages between Sidon and the Christian stronghold of Jezzeine were children.

Mr Rizk, a former spokesman for the late Major Saad Haddad said: "We have received help from Israel, and from the Red Cross, but nothing at all from the international Christian community. This is a humanitarian matter, nothing to do with the politics of Lebanon. We appeal to them to provide help for their religious brothers."



School visit: The Prince and Princess of Wales visiting the school for the deaf at Mollifetta yesterday after the warmest welcome of their Italian tour.

Small town gives huge welcome to royal couple

By Our Foreign Staff

The Prince and Princess of Wales drew by far the most enthusiastic welcome of their 17-day Italian tour yesterday when they visited a school for the deaf in the small town of Mollifetta on the heel of Italy.

Several thousand people lined the streets and crowded balconies, cheering and waving British and Italian flags. Inside the school, the Prince and the Princess toured classrooms before attending a dancing and gymnastics display by some of the school's 250 pupils.

In one classroom, children presented a scroll, bearing a greeting to deaf children in England, to the Princess, who is patron of the British Deaf Association.

Earlier, the royal couple had drawn similarly enthusiastic crowds to the scenic harbour at nearby Trani as they stepped ashore from the royal yacht Britannia.

Prince Charles came to the aid of a small girl who had her hand caught in a barrier.

● ART HELP: A royal academician has joined the royal yacht to help Prince Charles, a keen water colour artist, with his sketching.

Mr John Ward, one of Britain's leading artists, joined the Britannia in Sicily. He said the prince had finished two pencil drawings of Syracuse only hours after leaving the archaeological site.

Tory MEPs to link up with Spain's rightists

From Ian Murray
Brussels

The right-wing Spanish popular Alliance Party is to join British Conservatives inside the European Democratic Group of the European Parliament.

The Popular Alliance, led by Señor Manuel Fraga, a minister under Franco, expects to have about 15 members in the Parliament after Spain joins the EEC.

The Conservatives have been wooing the Spanish party for some time, for both political and financial reasons.

The inclusion of the Spaniards will widen the international profile of the Conservatives. Apart from the 45 Tories there are only four Danes and one Ulster Unionist among the European Democrats, whose leader is Sir Henry Plumb.

With the Spanish members, the group will be able to maintain its relative strength in the new 518-member Parliament.

Financially the marriage is beneficial since the group will be able to pick up about £10,000 in administration expenses for every new member.

On the debit side is the Spanish party's very right-wing reputation, which is already causing British Labour MEPs to lick their lips in anticipation of accusing the Tories of linking up with former Franco supporters.

Sir Henry has called the merger "an historic day for conservatism in Europe".

Louvre architecture row

Critics' hackles rise at pyramid mock-up

From Diana Geddes, Paris

"It's perfectly monstrous," a middle-aged woman cried, looking at the life-size simulation of a proposed 65ft-tall glass pyramid in front of the Louvre. "It ruins the architecture. And why have they chosen a pyramid, of all things? A pyramid is a mortuary!"

An elderly man agreed. "They're massacring the most beautiful site in Paris," he spluttered. "And how do they think they're going to clean it?" someone else asked.

"You can't just mix together any old things like that," said a man who claimed to be "a bit of an art critic" in protest.

"Come on now," another man retorted. "The Louvre is made up of all kinds of bits and pieces. It was started by Philippe-Auguste and finished six centuries later under Napoleon III. There are even sculptures of trains!"

The "battle of the pyramid" rages on, and setting up the life-size model, consisting of cables suspended from a huge crane over the site on which the real pyramid will be built, has done nothing to appease the passions provoked since it was announced a year ago.

Despite the protests, President Mitterrand made clear on television on Sunday that he has every intention of going ahead with the 2 billion franc (£170 million) "Grand Louvre" project, of which the transparent glass pyramid, designed by an American-Chinese architect, Ioh Ming Pei, will be the central and most dramatic feature.

Mitterrand wants the project, which is to be completed in 1987, to be his cultural legacy to the city, in the same way as the Beaubourg Centre is President Pompidou's legacy.

The pyramid was not being put there simply for the sake of having a pyramid, Mitterrand explained. Extension of the Louvre museum into the northern wing of the Louvre Palace, now occupied by the Ministry of Finance, would make it among the largest in the world, with over a mile of galleries. "Imagine how tired the visitors' feet would be!"

The museum's 60,000 objects had to be placed within relatively easy reach. Everyone accepted that this meant building an underground entrance in the middle of the central court named for Napoleon.

The idea of the "great architect Pei" was to cover this entrance with a glass pyramid, which would allow the light to enter without obstructing existing buildings.

He considered that a lot of nonsense had been spoken about protecting the historic surroundings. "Everything you see today is virtually modern," he said. "This idea that it is sacrosanct and that you therefore cannot add any element of modern art seems absolutely ridiculous."

Mr Pei, who was in Paris yesterday to defend his project, said the present simulation could not give a true idea of the magic of the light which would be reflected in the pyramid.

He had expected criticism, he said, but was astonished by its extent.

Sikh militants fall out over merger claim

From Michael Hamlyn, Delhi

A struggle for control of the Sikh political party, the Akali Dal (Immortal Party), between extremists and moderates broke into the open yesterday.

It happened at a bizarre, late-night press conference held by Baba Joginder Singh, father of Sant Jarnail Singh Bhindranwale, in the Sikh holy city of Amritsar. Sant Bhindranwale, the terrorist leader whose bullet-ridden body was discovered after the army assault on Amritsar's Golden Temple last year.

Baba Joginder Singh, aged 83, who is regarded as a focus for the extremist aspirations of the Sikh militants, said two warring factions of the Akali Dal had agreed to dissolve their groups and merge.

He named a committee to run the new organization which included the leaders of the two factions, Sant Harchand Singh Longowal, and Mr Jagdev Singh Talwandi.

Baba Joginder Singh said he had the agreement of both Sant Longowal and Mr Talwandi to the merger and circulated a letter from each to prove it.

Yesterday, however, Sant Longowal said the Baba had no right to dissolve the Akali Dal and summoned a general meeting of the party for May 17.

The row focuses attention on the deep divide among Sikhs between the militants, who revere Sant Bhindranwale's memory and many of whom do not believe the Sant has died, and the more moderate political leadership.

Sant Longowal, who was recently released from detention, has been making ritual headline noises, but on a visit to Delhi last week said the Akalis were not in favour of separation from the Indian union and rejected violence as a means of gaining their ends. Both statements had been requested by the Indian Prime Minister, Mr Rajiv Gandhi, as a precondition to negotiations.

However the Sant faces a difficult task in containing the militant Sikhs, who have drawn up an impossible charter of demands which they say must be granted by the Government.

Blast foils escape bid

Peshawar (Reuters) - Afghan rebels blew up one of their freshly stockpiled arms dumps in Pakistan, killing about 24 Soviet and Afghan captives who broke free and seized it, Afghan exiles and Pakistani officials said.

Accounts of the spectacular two-hour chain of explosions differed, but the guerrillas blew up the depot at a rebel training school on Saturday after fruitless negotiations with the prisoners, who seized the

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Iran President's sister flees to join her dissident husband in Iraq

Baghdad (Reuters) - The sister of President Ali Khamenei of Iran said here yesterday she and her five children had fled Iran to join her dissident husband in Baghdad.

Mrs Badri Hosseini Khamenei told journalists she had left Iran by land recently "with the help of some friends", after the President had refused to grant her a passport. She said she would not engage in political activities, unlike her husband, Sheikh Ali Khamenei, who has been in Iraq for more than a year.

Sheikh Khamenei and the five children, aged between 22 and 40, were present at the news conference arranged by the Iraqi information ministry.

Mrs Badri Khamenei, aged 40, said Hojatoleslam Ahmad Khomeini, the son of the Iranian leader, had also refused to help, fearing she would join her husband in Iraq.

"I told Ahmad the current regime in Iran is worse than that of the Shah because the Shah allowed your family to join your father when he was expelled to Iraq more than 20 years ago", she said.

Mrs Badri Khamenei added: "All Iranian women who had struggled against the Shah regime are now against Khomeini... I am disappointed

with political struggle, so I have decided to abandon political activity."

Sheikh Tehrani, a former Islamic community religious leader at the Iranian city of Mashhad, was granted political asylum here in March 1984. He is known for his opposition to Ayatollah Khomeini.

Mr Mahmoud Ali Tehrani, the dissident couple's 22-year-old son, said he and his sister Wahida, 18, were "arrested" for three days by revolutionary guardsmen while trying to leave Mashhad for Tehran.

TEHRAN: Iran will hold presidential elections before July 22, the Interior Ministry announced yesterday (Reuters reports). President Khamenei has not said whether he will seek a second term and no reason was given for bringing the election forward.

Informal sources also reported that the chancellor of Tehran University, Mr Bahman Yazdi Samani, has submitted his resignation after hardline students stepped up a campaign to purge universities of liberal trends and Western influence.

BAHRAIN: Two oil tankers came under attack in the Gulf yesterday north of Qatar and at least one was left blazing, Gulf shipping officials said (Reuters reports).

36 political prisoners executed by Baghdad

By Hazhir Teimourian

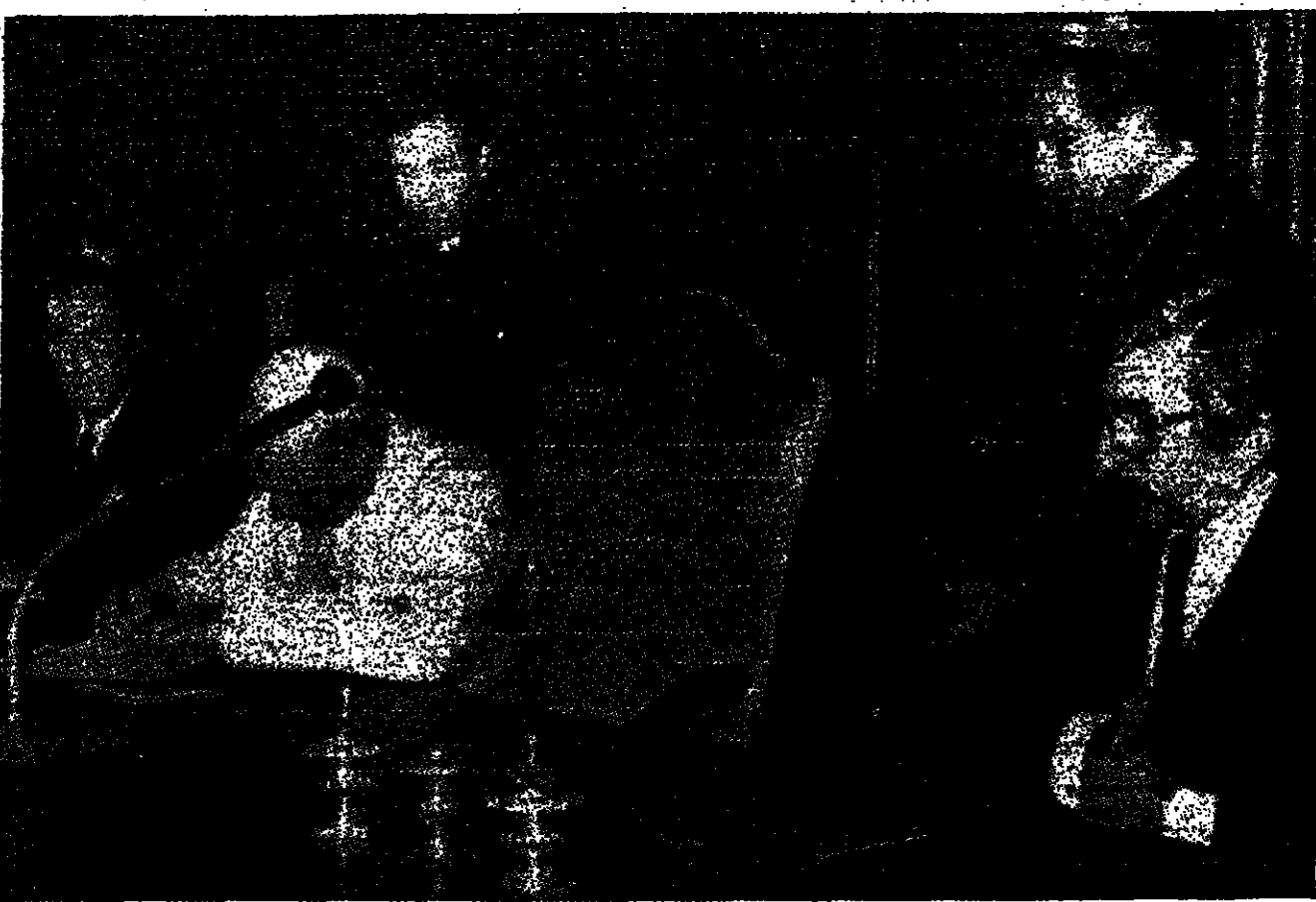
Amnesty International has received reports from Iraq that at least 36 political prisoners were executed in the country in March and April.

Most were held in prison for about 12 months, some longer. None was tried or officially charged.

Thirteen of those executed belonged to the Kurdistan Popular Democratic Party of Mr Samy Rahman, 10 to the Kurdistan Democratic Party of the Barzani family, 10 to the Hakim family, in Baghdad, who have strong links with the ruling Shia clergy in Iraq, and three were Assyrian Christians.

The information was relayed to Amnesty International, the London-based human rights organization, by parties in Iraq. A spokesman said in London yesterday: "Our experience with Kurdish political parties in Iraq over the past few years has been they do not exaggerate in their reports."

The organization has also recently published reports on the methods of torture that political prisoners in Iraq are routinely subjected to. It quotes an American businessman, Mr Robert Stirling, aged 50, as saying that as well as electric shock and beatings, he suffered irregular feeding: too little food, then more than he could eat, then food that was made inedible by large quantities of salt added.



Man in the middle: The Pope signs the documents ending the Beagle Channel dispute, flanked by Señor del Valle (left), the Chilean Foreign Minister, and Señor Caputo, his Argentine counterpart.

Argentina and Chile end century-old dispute

Rome (Reuters) - The Chilean and Argentine foreign ministers exchanged instruments of ratification yesterday, putting into effect a Vatican-mediated treaty ending a century-old border dispute.

The Pope, who was present at the ceremony, told Señor Dante Caputo, the Argentine Foreign Minister, and Señor Jaime del

Valle, the Chilean Foreign Minister, that the Beagle Channel treaty began a new and promising era for their countries. The ministers and the Pope signed a Note recording the exchange in the Vatican's frescoed Consistory Hall.

In his address opening the ceremony, Cardinal Agostino Casaroli, the Vatican Secretary

of State, said the Pope's signature added his moral authority to improved Argentine-Chilean relations.

The Vatican began its mediation after the countries almost went to war over the territorial dispute in 1978. The treaty was completed last year and ratified by both Governments earlier this year. It grants Chile three

small islands in the Beagle Channel, at the southern tip of South America, while large areas of sea claimed by Chile go to Argentina.

The Pope, who later received the ministers in separate private audiences, called the agreement a significant example of peaceful compromise in a world facing many conflicts.

Botha party beats off by-election challenges

From Michael Horasby, Johannesburg

South Africa's ruling National Party beat off challenges from both right and left in by-elections on Wednesday to fill one parliamentary seat and two provincial council seats in the Eastern Cape and the Orange Free State.

President P. W. Botha claimed yesterday that the Government's victory "under the worst possible circumstances" proves that the message of balance and reason has been heard in South Africa. He appealed for national unity, saying that "those who doubted" should now "join the team".

The National Party won the parliamentary seat in Newton Park, a suburb of Port Elizabeth, quite comfortably, polling 5,153 votes against 4,038 for the anti-apartheid Progressive Federal Party and 1,207 for the extreme right-wing Conservative Party. It held the provincial council seat by a similar margin.

There was a much closer result, however, in Harrismith where the Government won by only 247 votes in a straight fight with the Conservative Party for a seat on the Orange Free State provincial council. The National Party took 2,884 (or 51.9 per cent) of the votes cast, and the Conservative Party 2,637 (47.5 per cent). Thirty-two ballots (0.6 per cent) were spoilt.

This was a worrying narrow victory for the Government. The National Party has not lost a seat in the Orange Free State for 32 years, and its candidate was unopposed in Harrismith at the last general elections in 1981.

By the same token, the Harrismith poll was a boost for the Conservative Party which broke away from the National Party under Dr Andries Treurnicht, a former Cabinet Minister, in March 1982, in protest against the Government's decision to give parliamentary representation to mixed-race Coloureds and Indians.

Wednesday's polls confirm the Conservative Party's strength in rural, farming areas, where Afrikaners greatly outnumber English-speaking whites, but also its still limited impact in urban constituencies. The black unrest in the Eastern Cape did not drive as many voters into the Conservative Party's arms as some observers had expected.

None the less, the results show how much more fragmented the white political scene has become since the emergence of the Conservative Party in the 1981 general election.

The Government has an unassailable majority of more than two-thirds of the seats in Parliament, and the next general elections to the white chamber have been postponed from 1986 until 1989 to synchronize with the re-election of the new Coloured and Indian chambers.

Eanes urges military aid for Machel

From Our Correspondent, Lisbon

President Ramalho Eanes of Portugal has said his country should help train the Mozambique Army to combat Renamo, the guerrilla movement attempting to overthrow the Mozambique Government.

He was speaking on Tuesday after his return from a two-day "private" visit to Mozambique where he had talks with President Samora Machel.

The two presidents discussed military co-operation and ways of stopping the Renamo terrorists, who receive backing from forces in South Africa, and whose spokesmen have used Portugal as a base of operations. They also discussed Namibia, and economic co-operation.

The visit was of particular importance because of the coming visit of President Reagan to Portugal.

President Eanes will brief President Reagan on the results of his talks with President Machel. The United States has shown interest in investing in Mozambique when peace and stability are established there and has also led in negotiations for the independence of Namibia.

The South African police

Blacks in overstretched force face special risks

From Our Own Correspondent, Johannesburg

The high percentage of blacks in the South African police force is a complicating factor in the wave of violence sweeping black townships.

The number of black policemen has increased sharply in recent years and now accounts for almost half the authorized establishment of the police force. At mid-1984 this stood at 45,961 men and women, of whom 22,964 were black, mainly Africans, but also mixed-blood Coloureds and Indians.

The officer corps is dominated by whites, though there are now 67 black officers, of whom two have attained the rank of colonel. Of the 830 or so police stations in South Africa, 64 in black rural and urban areas are manned and run entirely by blacks.

Recruitment of blacks is designed partly to minimize direct confrontation between white and black by delegating the task of enforcing the law in African, Coloured and Indian areas to policemen of those race groups. It reinforces the Government's policy of divide and rule.

One of the features of the current unrest has been the frequency and intensity of petrol bomb attacks on the homes of black policemen. A few have been killed, while scores of others have had to be evacuated from the troubled townships.

The black police are widely seen as "collaborating" with an occupying force. "They live with us, they drink with us in the shebeens and then they come and kill us," Mr Ernest Moni, an angry, jobless black youth in Langa, near Uitenhage, told me.

In the Uitenhage townships, the Government has made matters worse by bringing in Zulu police units from other parts of the country to put down unrest in an area predominantly populated by Xhosa, thereby inflaming inter-tribal animosity.

Even with the present fairly high level of black recruitment, the South African police force is not particularly large by international standards, working out nominally at about 14 policemen for every 1,000 members of the public (compared with 2.4 in England and Wales).

It is seldom possible for the police to muster enough men in any one spot to control a riot by sheer force of numbers, and there is a tendency to resort very quickly to the most extreme methods of crowd dispersal.

Rifle used in last resort

The most basic weapons used by the South African police are the truncheon and the quirt, a stiff, leather-thong whip which seems to have replaced the more traditional rhinoceros-hide sjambok.

If these fail, teargas canisters and rubber bullets may be fired. The latter, similar to those used in Northern Ireland, are hard cylinders which can cause serious internal injury and bruising but are not usually lethal.

The police are also equipped with shotguns that can fire both light birdshot and heavy buckshot - cartridges, which differ in the weight and number of the lead pellets they contain. Birdshot normally only causes abrasions and severe stinging,

or that is the intention, are the R-1 semi-automatic assault rifle which uses steel bullets and can be fixed to fire one or more shots, and the 9mm pistol.

The inquiry into the Uitenhage shooting has revealed, however, that the policemen involved in the incident were equipped at the time only with R-1 rifles, heavy shotgun cartridges and pistols.

Another feature of police riot control methods is the wide use of armoured vehicles, known as Casphs, which can hold up to 18 men. These have high sides, but are open at the top, enabling the occupants to stand up, exposing only their heads, and shoulders, and fire on rioters.

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Kremlin invites Britain to VE Day parade as envoys leave in style

From Richard Owen, Moscow

A British Embassy spokesman has confirmed that the Kremlin has invited Britain and other wartime allies to attend next Thursday's military parade in Red Square to mark VE Day. The spokesman said Britain had not yet decided at what level it would be represented and was consulting other Nato members.

He spoke as the three British diplomats ordered out by the Russians left the Soviet Union protesting their innocence to espionage charges. The "tit for tat" expulsions coming after Britain's expulsion of five Russians, have further worsened the East-West atmosphere.

The two British naval officers involved were given a full-dress ceremony and piped salute at the British Embassy within full view of the golden domes of the Kremlin.

Controversy has arisen over

Western attendance at next week's Soviet VE Day ceremonies, both because of the chilly East-West climate and because the Western powers have boycotted Soviet military parades for six years over the invasion of Afghanistan. Western diplomats have objected to the tone of Soviet "Victory Day" celebrations, which emphasize the need to revive the wartime alliance between East and West but also underline the need for vigilance against Western "reactionary imperialism", which the Kremlin compares to Nazism.

Commentators have used Mr Reagan's visit to West Germany for the seven-nation economic summit to suggest that the spirit of Nazism still lives in Washington and Bonn.

Mrs Margaret Thatcher indicated last week that Britain might be represented at the

parade only by Sir Iain Suttie, the British Ambassador, but even this may be in doubt if the atmosphere worsens. The embassy said yesterday it was consulting the Foreign Office in London.

Sources said the Soviet Foreign Ministry had invited Britain and other former allies to attend four events marking "the victory of the Soviet people in the Great Patriotic War". A wreath-laying and Kremlin speeches on May 8, and the parade and a Kremlin reception the next day.

The expelled naval officers, Captain John Marshall, the Naval Attaché, and his assistant, Lieutenant-Commander Martin Littleboy, left the embassy on the river opposite the Kremlin at dawn in full dress uniform. They are driving with their families to Finland. Miss Carol Robson, Second

Secretary (Scientific), the third expelled diplomat flew direct to London, on the regular British Airways flight. Captain Marshall said they were all victims of unfair retaliation, and noted that the Russians had not directly accused them of anything.

On Wednesday Tass accused the United States of "kindling mistrust", by using the shooting of Major Arthur Nicholson in East Germany in March for political ends, but failed to mention that a Soviet diplomat had been expelled from Washington. It is thought the Russians might wait until after the VE Day celebrations before taking further retaliatory measures against either Britain or America, in the hope that joint remembrance of the common struggle against Nazism might alter the East-West climate for the better.



RAPE APPEAL: A smile from Gary Dotson after his release on \$100,000 (£82,000) bail from prison in Dixon, Illinois, where he is serving a 20-year sentence for a rape his "victim" now says did not happen. Dotson was freed pending an appeal of a judge's ruling that the rape recantation of Cathleen Webb (right) was unreliable.



Japan's top taxpayer, at £3m a year, is aged 90

From David Watts Tokyo

The founder of the firm that makes Panasonic radios and tape recorders paid about £3 million to the Japanese tax man last year.

Mr Konosuke Matsushita, now aged 90, who topped the list of taxpayers, complained from his hospital bed that such swinging taxation would have caused a revolution in the 17th century.

He can certainly afford his 930 million yen tax bill, but what irks Mr Matsushita and many other taxpayers is that, under revisions of the tax law last year, politicians' incomes are no longer open to public scrutiny.

The idea of publishing an annual list of top earners was introduced in 1950 to help prevent the rich from evading taxes. Practically every member of the Diet appeared on the list until last year, when the ruling party changed the rules. Previously the list detailed those whose incomes were more than 10 million yen for the year. Under that dispensation, 741 politicians were listed in 1983.

The new rules say only those who paid more than 10 million yen in taxes are listed. Few politicians now appear, but this year the Prime Minister, Mr Yasuhiro Nakasone, paid 25 million yen in taxes. He was one of 68,000 people who paid more than 10 million yen.

Pay strike by 20,000 halts flights to Sweden

From Our Correspondent Stockholm

Sweden's commercial airports closed indefinitely yesterday as air traffic controllers joined a strike by 20,000 civil servants demanding a 3.1 per cent pay rise.

Exports and imports were at a standstill as customs officers went home, teachers walked out of classes in many schools, and all work stopped at the inland revenue department.

Worse is expected today when the central state employers' organisation retaliates with a lockout of 120,000 workers.

The strike, the worst for five years, is a severe embarrassment to Mr Olof Palme's Socialist Government, coming the day after massive May Day demonstrations had rallied support to his administration and the cause of workers' solidarity. It was sparked by the breakdown of national wage negotiations, with the Government saying there was no room for a pay rise this year.

Stockholm's Arlanda airport was packed with businessmen and holidaymakers yesterday trying to get the last flights. Wide-bodied aircraft were used to cope with the demand. Janitors swept the airport hall after the airport closed. Foreign airlines re-routed all flights for Sweden to Oslo and Copenhagen, where passengers boarded trains and coaches for the last leg of their journey.

Australia and US split on Star Wars

From a Correspondent Canberra

Two days of talks between Australia and US Government arms control and disarmament officials have highlighted the differences between the two countries on the Star Wars programme and a comprehensive test ban treaty, which Australia has pushed vigorously in international forums despite the Reagan Administration's scepticism.

The Australian Prime Minister, Mr Bob Hawke, told the US Secretary of State, Mr George Shultz, in February that Australia was opposed to the development of Star Wars weapons and received assurances that US bases in Australia would not be used in conjunction with the programme.

But this has not stopped Washington from attempting to change its attitude. The leader of the Australian

delegation at the talks, Mr Duncan Campbell, a senior foreign affairs official, commented tartly after they ended on the inducements being offered by the US to persuade allies to join in the Star Wars research.

"Some of the US's alliance partners in Western Europe are going through the question of whether they will or will not join the SDI research and one sees a number of motives propelling

them to co-operate in that research not unrelated to economic factors," he said.

He also said that the SDI programme caused Australia particular problems "through hosting the joint facilities (US bases) there is clearly a problem when the major Western power to whose existing deterrent system one is contributing is at the same time beginning to espouse a totally different and radically new global security system."

Reagan runs risk of breaching treaty

By Henry Stanhope, Diplomatic Correspondent

President Ronald Reagan may have to decide as early as 1987 whether to risk breaking the Anti-Ballistic Missile (ABM) treaty with the Soviet Union, with his Star Wars (Strategic Defence Initiative) programme.

Although the present intention is to avoid breaching the treaty by simulating early tests in space, this might not prove good enough, according to the International Institute for Strategic Studies.

If the Russians refused to agree to modify the 1972 treaty, the US would be forced to choose between the President's (SDI) and arms control - a choice which would be "fraught with troubles" for its relations with the Nato allies.

The institute says today in its *Strategic Survey 1984-85* that even if the SDI - which involves the introduction of space-based anti-missile defences - proved feasible, it could damage stability between the super-powers rather than strengthen it.

For one thing it might encourage the other side to launch a pre-emptive strike against the Star Wars system. For another, these would have to be fired so quickly in the event of an attack that there would be little time for the President to make up his mind.

Moreover the overall cost could even go as high as one trillion dollars - forcing cuts in US spending on conventional forces.

But the institute also says

that despite the problems raised by the SDI, the time has come for a strategic reassessment. Nuclear stockpiles, it says, are now at "absurdly high levels".

The SDI is chief among the new issues which threaten to complicate the Geneva arms talks. The obstacles, says the *Strategic Survey*, are now probably greater than they were in late 1983 when the Russians stalked out of the talks in protest over the stationing of new American cruise and Pershing-2 missiles in Europe.

The institute, referring to attempts to revive the seven-power Western European Union (WEU), questions how long all seven will continue to put their weight behind the initiative.

"Failure to strengthen the European contribution to the (North Atlantic) alliance will increase the weight of criticism from the US about the motivation and capability of her partners," it says.

At present it looks as if the Europeans will agree on the need for more cooperation and greater efficiency, rather than on any expansion of their defence budgets.

"The US will regard this kind of contribution as less than satisfactory," it adds. This together with the doubts felt in Europe over the SDI suggest that last year's comparative calm in Nato's internal relations, may not survive 1985. *Strategic Survey 1984-85*, 115pp, 22 Tavistock Street, London WC2E 7NG. £7.95. Leading article, page 15

Bulawayo told to scrap nude statue

Harare - an outraged Zimbabwean Cabinet Minister has ordered Bulawayo Council to remove the statue of a nude male from its podium in the city centre (Jan Raath writes).

Mr Enos Chikwore, Minister of Local Government and Town Planning, told journalists on Wednesday that the statue was "The personification of permissiveness, corruption and the perversion of Zimbabwean culture."

The statue, the work of a local sculptor, Adam Madebe, was the winning entry in a competition. Now gracing lawns outside the municipal headquarters, it is titled "Looking towards the future" and depicts a young man shading his eyes and peering into the skies.

Five Turkish soldiers die in rebel clashes

Ankara - Five Turkish soldiers, including two non-commissioned officers, and three Kurdish separatist guerrillas were killed in a series of clashes last Sunday in the south-eastern province of Bitlis, it was disclosed here yesterday (Rasit Gurdilek writes).

The state radio, quoting local officials, said two terrorists had been captured alive and two others escaped.

It was disclosed on Monday that five other guerrillas had been killed by security forces in two other provinces. Turkish troops have been persistently hunting the guerrillas, believed to be members of the illegal Kurdish Labour Party trained at camps inside Iraq, Iran and Syria, since they killed about 30 soldiers and civilians in raids.

Witness says she saw soldier shoot Aquino

From Keith Dalton, Manila

A woman told a Philippine court yesterday that she saw a soldier shoot the Opposition leader, Benigno Aquino, in the back of the head as two other soldiers escorted him down the service staircase of a plane.

Miss Rebecca Quinsano is the first civilian who claims to have seen the assassination on August 21, 1983, at Manila Airport when former Senator Aquino returned home from three years self-imposed exile in the United States.

In her two-hour testimony she contradicted the claim by the military that Aquino was shot on the airport tarmac by communist Rolando Galano, who was himself killed moments later.

The armed forces Chief of Staff, General Fabian Ver, 24 military men and a civilian have been charged in connection with the killings. Miss Quinsano, who was on

the same flight as Aquino, said three soldiers escorted him from the plane and plainclothes men prevented her and reporters inside the aircraft from following. From a side window a soldier with a pistol shot Aquino in the back of the head. The 32-year-old businessman told the packed courtroom that a warning from a soldier and the death of her father in 1981 while in military custody left her too frightened to testify to a five-man commission of inquiry last year.

News of what she allegedly saw led to threatening telephone calls and surveillance of her home and forced Miss Quinsano to move in secret from one house to another, her lawyer said.

The defence declined to cross-examine Miss Quinsano and told reporters after the hearing she was guilty of perjury.

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SPECTRUM

Italian in the fast lane to success

olivetti

Less than three months
after swooping on British
shores and rescuing the

ailing BBC micro computer makers, Acorn, Carlo De Benedetti has this week taken over the whole of the Italian state's food interests: more evidence for his reputation as the most powerful businessman in Europe. The chairman of Olivetti - itself a tired and failing company until De Benedetti took control - has become a legend in his own country. Peter Nichols met the man whose work, it has been said, marks a turning point in European industrial development.

The question that Carlo De Benedetti poses is whether the brilliant success he symbolizes and talks about so well, means that something new is happening in Italy and in Europe, or whether he is just another shining example of Italian achievement like the Ferrari motor car, epitomizing speed, flair and glamour more than solid progress or change.

At the age of 50, De Benedetti is already a legend in Italy. His fame has spread. He has made the cover of *Time* magazine and he was the one Italian in *Fortune's* list of Europe's 11 best managers. He linked Olivetti last year with the United States electronics industry through his agreement with American Telephone Telegraph (AT&T). With the purchase of a controlling interest in Acorn last February, he landed his sophisticated galaxies on British beaches in search of the lucrative computer market in education.

At the same time as all this, he has a highly important career as a complete capitalist as opposed to a manager. He pursues this through his own holding company, Compagnie Industriale Reunite (CIR), and before his food industry coup this week his recent exploits included entering the pasta field with his purchase of Buitoni as well as a contract with China for the supply of cigarette-packing machinery.

He is different from other leading figures in Italian industry, and aware of it, not least because of his superb ability to explain what he is doing, enhanced on television, for the benefit of the general public, by his dark good looks. But he also has an amiable side. Shown in his apparently uncharacteristic decision in November 1981 to accept Roberto Calvi's invitation to take the deputy chairmanship of the ill-fated Banco Ambrosiano.

The wider implication of his work is that it could represent a turning point in European industrial development. He believes that western society is at a moment of transition. He also believes that the Italians, for psychological and other reasons, are the Europeans best able to respond to the requirements of a transitional era because of the speed of their reactions and their proven ability to adapt to new situations. And he also believes that his country only reached maturity in its economic thinking a matter of a few years ago, by a rather obvious coincidence, at

much the same time as De Benedetti himself was taking the centre of the stage.

"I am not easily prepared - though sometimes it happens - to invest my time, my work, let's say myself, in something which is not aimed at being a success." This was the spirit he brought to Olivetti when Bruno Visentini, the Olivetti chairman and now minister of finance, shrewdly saw that De Benedetti had exactly the qualities required to relaunch the famous but declining company which, after 77 years of activity, had lost both its profitability and its sense of direction.

"I think that a company is a sum of human beings, and of money, which together have to create an added value, and therefore a profit. This joint creativity is essential to his style of capitalism, and he talks with pride about the 11,000 of his employees at Olivetti who took up the offer he made last year of participation in the company, and now hold shares worth 23,000 million lire.

Olivetti was a company with a lot of potential, and a very good tradition and with a lack of entrepreneurial leadership, which means that neither the shareholders nor the management were focused on the possibility, let's say, of having a winning objective. Everyone was a bit gloomy and gloomy for many reasons: first, because they could not see where the company was going and, second, the company was performing, in economic terms, very badly. There was a lack of leadership, of courage, of willingness to be a successful company, and a kind of defeatist attitude. So what I brought was the only thing I can bring, which is this: I am by nature and by experience, and by choice in life, an entrepreneur. I think I am a good stimulator of people."

Explaining his inability to invest his time in something not aimed at success, he comments that he has a very pragmatic approach to the objective of the company.

On the creative effort between men and money to make a profit, he says: "The profit-minded mentality was not exactly what I found at Olivetti. It was just by day to day action, facts and behaviour that the management managed to grasp what should be the final aim of the company."



Two things concern him: one is profit, and the other is creating opportunities for growth which means being professional, and providing opportunities for people. At the same time, you cannot motivate people with only profit as the goal.

"A goal for instance is being able to become, as we have done, the number one in Europe after IBM. This is a goal. This is a motivating theme for people. The profit is just a condition, but what does it mean to become the leader in Europe? (You don't make profits?) The human and professional objective is the company's growth, and the condition for having healthy growth is profit. And the way to see if you are going the right way is to see whether you are accomplishing it with, or without, profit."

"This, by the way, is one of the reasons why our company in 1984 made an increase in revenues of 36 per cent. I think we are a unique case among big corporations in this country, and I wouldn't be satisfied just to have an increase in profits. I don't think that in the long run you can have an increase in profits if you are not increasing your share of the market, and not motivating your people towards an objective of growth and development."

De Benedetti comes from a old Piedmontese Jewish family. This is what in part sets him aside from the traditional Catholic view that profit is something to be ashamed of, or, at least, not to be mentioned in polite society.

"Considering profit a dirty word is over in this country. It used to be true. I remember when I started talking profit here at Olivetti in 1978 I was regarded as a strange animal. Because most of the colleagues and staff of the mentality in this country were not profit-minded. I would accept that profit was regarded in a certain sense as something shameful which has to be accepted. But now I am afraid that many people consider profit the final objective. The pendulum has swung from considering profit as shameful to considering it as the one objective. And I disagree with both assumptions."

How much of this was due to the traditional Catholic mentality? "I think a lot. We are by nature a country with a modest degree of economic culture. In the modern sense of the word. We are very much influenced by Catholic culture and Catholic culture. At least in its

ROAD TO THE TOP

Carlo De Benedetti (left) was born in Turin in November 1934 into a Piedmontese Jewish family, which was forced to flee to Switzerland to escape persecution by the Fascists. After graduating from Turin Polytechnic in 1959 with a degree in electrotechnical engineering, he entered the family firm making flexible metal tubes and immediately set about expanding it.

By 1974 he had risen to be chairman of the Industrial Association of Turin before moving on to be chief executive officer of Fiat. From November 1981 to January 1982 he was deputy chairman of Banco Ambrosiano. He became Olivetti's chief executive in April 1978 and its chairman since August 1983; under his guidance Olivetti's net revenue more than doubled.

In February, he became chairman of Buitoni and later that month rescued Acorn Computers by acquiring a 49 per cent stake for Olivetti. His takeover this week of the Italian state's interests in the food industry for £210m is an unprecedented act of privatization and a bold, one, fighting off various multinational who have been showing an interest recently in entering the Italian food industry.



origins, leads to prize poverty and not profit. We didn't have a Calvinist revolution and we didn't have an industrial revolution. We were for many years an agricultural and isolated country. The process of change began after the Second World War but we have only started to focus and behave as an industrial country in the last years.

"It is not just a question of industry. It is a question of the financial system as a whole. For instance the number of stocks traded at the Milan stock exchange is 150 or so - I don't remember exactly - while in Madrid 370 companies are listed on the Spanish stock exchange, which is more than twice that of Milan. And in London there are 2,701 which is 15 times as much as Milan. So I am not trying to compare Italy with the United States but with Spain and Britain. I wouldn't say that the stock exchange is the way of judging a whole system but it has a great importance in illustrating the society in which we live."

"The second point is that we are a country where capitalism has been represented mostly by families. And this has meant that mobility within the capitalist system has been very modest. Normally, the general concept in this country has been that

as long as a company goes well, performing well, it is a private company, but as soon as its performance is bad it has to become state-owned.

"We are only now beginning to understand the concept of the public company in the Anglo-Saxon meaning of the word. When you talk of going public you are referring to a private company but when you say 'public' in Italian you mean a state-owned company. It is not just a semantic difference, it is something more. So we have to discover, and we are just beginning now to discover, what I call modern capitalism, which is a capitalist system controlled by the public, but by the public in the sense of the state, of private citizens, not by the government. When I joined Olivetti we had 20,000 stockholders and today we have something like 60,000 share-holders, which is very important."

W as IBM the principal foe? "Of course, IBM is a unique situation. It has never happened before in any field that one company has had more than 50 per cent of the world market. You may take soft drinks, or photography where the names of Coca Cola and Kodak are extremely well-known and popular in all parts of the world. But nobody in any sector or business in any period of modern industrial history has enjoyed such a dominant position in the market as IBM, which is of course a merit of IBM. They did it because they are clever and they are good. But it is unique."

"I don't want to say that we can beat IBM, that would be stupid. I am just saying that I am a great believer in the market and the market cannot easily accept a monopoly. Our aim is to be seen in the marketplace as an alternative to IBM and I think we are already that in Europe today."

Why did he buy Acorn? "For two reasons, one related to Olivetti and the other to Acorn itself. As far as Olivetti is concerned we are now the European leader in our business and we intend maintaining our path of growth with a double strategy. One is aimed at internal growth, which is trying to enlarge our share of the market with our own products and our own marketing methods, while a second is aimed at obtaining a share of the market by acquisition. We wanted to enter the educational market. The computer in education is an important and growing business. Acorn has an important technological background. I think they were doing very well until they were bought by Apple."

They also did a group of people living in a sort of European Silicon Valley around Cambridge. This is the most exciting example of how Europeans are trying to catch up with the Americans. It is not just technological but an act of catching up with the Americans in transforming managers and scientists into businessmen. What is going on around Cambridge is exceptional."

"We saw a lot of merit in what Acorn had done, the potential in technology that they have, and we think the problems they met were mostly related to 'size' and to difficulties of trying to move ahead of the normal growth of the company. I am referring to the initiative they took last year to try

and go into the American market with forces which were totally inconsistent with their size, and financial and managerial strength. There is a good chance that Olivetti can help, first in helping Acorn to grow and second in helping Olivetti into a field which we had already decided we wanted to enter. It is a unique opportunity for giving benefits to both sides."

References have been made to the Ambrosiano affair and De Benedetti's other brief and rather perplexing sojourn to Fiat, where he was chief executive officer from May to August of 1976 before differences with the Agnelli family brought about his resignation. These experiences do not seem to fit with the man who transformed Olivetti, the architect of the A.T. & T. agreement with the Americans, and in a lesser way, of the Acorn purchase.

"If people think I am schizophrenic, they may well be right!" He explains that the two personalities are due to the two hats he wears, one as Olivetti's chief executive, the other with his holding company where he behaves as a capitalist who wants to do well by his shareholders and in the first instance, himself as the company's chief shareholder.

H e claims with pride that his own holding company, CIR, has been the swiftest growing company in Italy in the last seven years. "When I took over CIR it had a book value of at that time 3,000 million lire. Our book value at the end of 1984 was more than 300,000 million lire which is one hundred times as much in seven years."

How does his acceptance of the invitation from Roberto Calvi, then the Ambrosiano's president, who was found dead hanging under Blackfriars Bridge in June 1982, fit into this pattern of parallels? "It was a mistake. It fits into the pattern exactly like that, as a mistake fits - if I am not being too proud - into a history of success. Ambrosiano is very simple. I thought that Calvi was for once in his life being sincere when he asked me to buy 2 per cent of Ambrosiano and take the position of vice-chairman because he was willing to retire in six months' time. My big mistake was to believe that Calvi was telling me the truth, and as soon as I understood that this was not the case I resigned."

He regards the comments on the Ambrosiano affair as symptomatic of the Italian mentality. "When I joined Ambrosiano everybody was convinced that it was a very good company."

"When I left Ambrosiano many newspapers in Italy said that this was the second defeat of Mr De Benedetti: he had been thrown out of the Ambrosiano as he was from Fiat. And after another six months, when the Ambrosiano collapsed in the full odour of scandal, most of the papers said how clever De Benedetti was and how lucky he had been in being able to see things inside."

"The truth is that I saw nothing and the real reason for my resignation was that I saw too much. I consider the Ambrosiano affair one of the mistakes of my life. But the interpretation of this mistake has been so very varied..."

Even his aberrations are part of the legend.

SATURDAY

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8 Struggle (6)

9 Meagre (6)

10 Uniform (6)

11 Pleasant (4)

12 Empty (6)

13 Anxious (6)

14 Trustworthy (6)

15 Bear (4)

16 Ruff (5)

17 Feedback (7)

18 Fundamental (7)

19 Nature (7)

20 Grate together (5)

21 Not fitting (5)

22 Not fitting (5)

23 Change (5)

24 Curved (7)

25 Antiques (7)

26 Comfort (5)

27 Whistle-cord (7)

28 Old (5)

29 Not fitting (5)

30 Change (5)

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OPEN BANK HOLIDAY MONDAY

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YESTERDAY LONDONERS WOULD HAVE BEEN ABLE TO VOTE KEN LIVINGSTONE OUT OF OFFICE.

Yesterday, throughout most of England and Wales, people voted in their County Council elections.

They had the right to choose a candidate from Labour, Conservative, Alliance or any other party.

In London there was no choice.

The GLC elections were cancelled by the Government.

Despite massive public opposition.

But Londoners may not have lost the right to choose for good.

Abolition has not been finally agreed.

The Bill is still before the House of Lords.

And there is still time for the Government to give back to Londoners the right to have a proper say in who runs London.

They still have a choice.

We hope they make the right one.

THE ARTS: 2

FRIDAY PAGE

Making money and history

Jennifer d'Abo has already impressed the City with her rescue operations.

William Kay reports on her latest venture: a takeover battle



Arresting character work: Diane Lane with Richard Gere's latter-day Flynn

Cinema

Pastiche of the old gangster style

- The Cotton Club (15)**
Odeon Leicester Square
- Mr Skeeter (U)**
ICA Children's Cinema
- The Bay Boy (15)**
Classic Haymarket
- Falling in Love (PG)**
Empire Leicester Square
- Protocol (PG)**
Warner, Classic Oxford Street

After two comparatively modest and satisfying films, *The Outsiders* and *Rumble Fish*, Francis Coppola is back in the big time with *The Cotton Club*, which probably cost much more than the officially quoted budget of \$45 million. This is an absurd sum, when set against what actually appears on the screen; and the project and end-product seem ominously symptomatic of current Hollywood production — though, to be precise, the film was shot in New York.

The film has all that money can buy: sets, costumes, music, technical and performance skills, wonderful actors, singers and dancers. Money, it seems, can still not buy the creative imagination needed to shape these things into dynamic cinematic form. Mostly this signifies a script. Coppola is credited with William Kennedy as co-writer, and Mario Puzo (who collaborated with him on *The Godfather*) has a screen credit; but disagreements over scripting were reported among problems that beset the production.

The Cotton Club in fact was a metaphor or microcosm of the divisions and interdependencies of American society: the film implies rather than explores the possibilities. Coppola patently aims for pastiche of old gangster film styles. The story is about two brothers (Richard Gere and Nicholas Cage) who become involved with "Dutch" Schultz's mob and the gang wars of the late Twenties. One comes to a bad end; the other (a kind of George Raft) makes the break and becomes a movie star. A parallel story follows the adventures of two black brothers whose ambitions to be Cotton Club dancing stars are less lethal and complicated.

What Coppola has not learnt from the early gangster films is the skill with which the old craftsmen-writers built their documentary melodramas. The story here is formless and often barely coherent. The consolatory pleasures are the staging of the period and the musical numbers, the dancing of Gregory and Maurice Hines, and some arresting character work by Diane Lane, Bob Hoskins and most notably Fred Gwynne, looking for all the world like the heavy from an old Chaplin two-reeler. Richard Gere is an actor you can take or leave alone; for me, both in looks and talent, he is too like the older Errol Flynn to appeal. The best moments are saved for the end, a wonderful ensemble number staged on Grand Central Station.

The budget of Mr Skeeter would not have paid for five minutes' filming on *The Cotton Club*; yet there is no way to evade the chastening fact that this is the most pure, satisfying and in the best sense artistic film of the week. Chastening, because most of the technical staff were under 15, with a senior cameraman aged 12 and a second cameraman of 10; and there is nothing indulgent or patronizing, no allowances made, in praising their film unreservedly.

It is directed by a grown-up, Colin Finbow, who established and runs the Children's Film Unit. The unit is open to children from all over the country; they work as tech-

nicians or actors, at weekends or during school holidays. This is their fourth feature production. The previous ones (*Spain*, *Stirring*, *A Swan in May*, *Dark Enemy*) may have demanded a degree of indulgence; here for the first time everything goes triumphantly right.

The story is simple: three small children run away from a children's home, because they are terrified that they will be sent back to feared foster parents when the place falls victim to government cuts. Only two stay the course, and survive a day or two of hungry idyll on Seaford beach before they are recaptured and taken back to a fate which may not be as bad as they anticipate. Mr Skeeter (Peter Bayle) is a colourful, stylish and sympathetic old vagrant who befriends them.

In *The Bay Boy* the director Daniel Petrie returns to his native Canada and recollections of boyhood in a coastal mining community in the hard post-depression years. The bleak, storm-swept township of Glace Bay, starving away as its vital coal resources fail, is above all a place from which to escape; and the suspense of the film is provided by speculation whether the intelligent, good-humoured but essentially passive young hero will actually make the break.

After the death of his tubercular brother, the boy is the only surviving child and hope of his parents, struggling to make ends meet. His mother, broken by drudgery and religious guilt, dreams of seeing him become a priest; but his vocation is weakened by the carnal appeal of the local girls, and further diminished by the importunings of a homosexual priest. If the boy is something of a twentieth-century Tom Sawyer, his Indian Joe is the maverick local policeman, whom he witnesses committing a murder; this catastrophe, and the boy's consequent conquest of his own fears, provide the catalyst for self-discovery.

The place, the period and the unspectacular way in which the community are acutely caught; there is enough humour to lighten the suffering; and the casting — Liv Ullmann as the loving, erratic mother, Peter Donat as the resilient father, Allan Scarfe as the killer cop, Mathieu Carriere as the tormented priest — is clever. The main weight of the film, however, falls on Kiefer Sutherland (lookalike son of Donald), who has as yet neither sufficient presence nor positive charm to support it.

Falling in Love is an Eighties *Brief Encounter* set in New York. A man and a woman — both happily married in a bored, conventional way — meet casually; repeated encounters on commuter trains lead to a seductive and disturbing romantic involvement. Times have changed. The bitter-sweet ending of *Brief Encounter* affirmed the solidity and sanctity of marriage. *Falling in Love* speaks rather of the impermanence and uncertainty of marital relationships.

The director Ulu Grosbard, sets it in a world of middle-class opulence, awash with lush romantic music. Michael Christoffer's screenplay is smart but slim and gives little opportunity to Meryl Streep and Robert de Niro. Herbert Ross's *Protocol* in turn is an Eighties *Mr Smith Goes to Washington*. Goldie Hawn is a cocktail waitress who becomes a national hero when she averts the assassination of a Middle Eastern potentate on a state visit to Washington. Her corn-ball wisdom and naive patriotism bring her mass popularity which the diplomatic sophisticates in Washington try to manipulate, along with her erotic charms, for political purposes; but she proves a good deal too shrewd for them.

Buck Henry's script goes a bit soft in its attack on Washington; and both it and the star are better when they stop pretending to be serious. When she is content just to be funny, Goldie Hawn's attraction remains bright and untarnished.

David Robinson

Jennifer d'Abo made history last week when she became the first woman to launch a takeover battle on the stock market. But breaking new ground is something this very determined woman has grown used to in her business career.

While Mary Quant, Laura Ashley and, more recently, Debbie Moore of Pineapple Dance have grabbed the headlines as women who mean business, Mrs d'Abo has been busy behind the scenes finding out how to pull the right strings in the world of finance.

When she made her £13.5m bid for Selincourt, the fashion firm behind names like Frank Usher and Jacquar, Mrs d'Abo drew on a wide circle of the normally unimpressible grey-suited bankers and insurance fund managers. After all, she is putting only £300,000 of her own money into the venture: the rest is coming from the City.

Mrs d'Abo, who is aged 39 and has two children, has acquired an impressive City fan club since turning round Ryman, the stationers, from losses of nearly £2m a year to what is expected to be a profit of more than £300,000 in 1985. Now they believe she can repeat the trick at Selincourt, where the losses have been nowhere near as bad as that.

Mrs d'Abo first walked into the banking parlours nine years ago, when she asked Barclays Merchant Bank for £500,000 to buy a department store in Basingstoke. Peter Bingham, the man behind the desk at Barclays was so impressed he lent her another £50,000 on top.

Mr Bingham explained: "I lent Jennifer the money because she knew what she wanted to do and she had a very clear idea of how to go about it. She was on top of her subject and had taken the whole project seriously."

"You should see the different attitudes to me in the City," Mrs d'Abo says. "Some of them take me perfectly seriously, while others are terribly po-faced and clearly don't believe a word I'm saying. I often get invited to boardroom lunches now, as the token businesswoman, and I find it very tempting to say something outrageous, just to see their reaction."

Mrs d'Abo became interested in the business world in the late 1960s, when she was secretary and then wife to Peter Cadbury, the chip off the Quaker chocolate family who made fortunes from the Keith Prowse theatre ticket agency and Westward Television.

After they married, Jennifer took charge of Cadbury's share portfolio, then worth around £750,000. "I had two stockbrokers and I spent all day on the phone to them," she recalls. "I learned a tremendous amount and made an awful lot of money for Peter. If you have good contacts and concentrate on what you are comfortable doing, it's not too difficult to make money out of the market."

That theory was put to the test when a City friend of Jennifer's phoned up one afternoon in 1973, obviously the worse for a good lunch, and told her to sell everything. She did, and as a result Peter Cadbury missed the stock market crash which started later that year. "Everyone told me I was mad to sell, but I just had a hunch," Mrs d'Abo claims.

After divorce from Cadbury in 1976, Jennifer married a stockbroker, Robin d'Abo. For a time she ran a Wavy Line grocery franchise in Hampshire, but then hit on the Basingstoke store, which she called Burlington's Furniture Company. It was the time when Basingstoke was beginning to mushroom because of the new hi-tech industries being started there, but the existing store on that site had gone bankrupt.

Armed with her loan from Barclays and £250,000 from "friends", Mrs d'Abo lured a Waitrose manager to run it and got a team from Debenhams to fit out a coffee shop. When the store opened she filled the front window with silk flowers. "It wasn't an original idea," Mrs d'Abo admits, "but it created an immediate impact. I am good at getting the right people for the right jobs, and I have an instinct for what's going to sell."

Eventually Perrings, the furniture group, bought Burlington's, and Mrs

d'Abo spent six months looking for something new. The store's perfume department had given her an interest in that line of business, so she decided to have a go at that.

When Dunbee-Combes-Marx, the toy maker, went into receivership in 1980 she discovered that it also controlled the Jean Sorelle perfume business, which had a factory in Peterborough.

"It was a pathetic factory," Mrs d'Abo remembers. "You have never

seen anything so dismal in your life, or at least I haven't. The receiver simply wouldn't deal with me. At one point he really did say 'Will someone get this woman out of my office?'" But she persisted, and clinched the deal.

She kept on Robin Gunn, the man who had come from Waitrose, and her husband Robin quit his job as a stockbroker to run the sales side. Engineers handled production, and Mrs d'Abo concentrated on design.

Neil McGhee, the investment manager at the Life Association of Scotland, said: "We've been happy with the way Ryman has been sorted out. David Dunn provides financial controls, and Jennifer d'Abo design and flair. They are a good foil for each other."

James Nelson, of Foreign and Colonial Ventures, added: "She's very good at identifying business opportunities and pushing through the realization of those opportunities."

In Selincourt, Mrs d'Abo faces her sternest test so far, particularly as the Selincourt board are preparing to fight her for control of the company. If she succeeds, she will be on the way to becoming the most powerful businesswoman in the country.



"I often get invited to boardroom lunches as the token woman; I find it tempting to say something outrageous"

Jennifer d'Abo (left) started with contacts and concentration

and marketing. Marks and Spencer, a big customer, told her where to source fragrances, and helped with quality control and pricing. "M and S are the most magical organization," she sighs.

About a year later Mrs d'Abo read in the papers that Burton Group was thinking of selling Ryman. She said: "I rang Barclays Merchant Bank again, and Peter Bingham said I was mad, but he was willing to help. I wasn't getting very far, though, because Burton basically didn't take me seriously. Then I met Chris Collins of Ceva, the cosmetics firm, who was looking for something to buy. He dropped out later, but he probably put the seal of approval on my being in on the deal."

Mrs d'Abo also has a brother-in-law in stock-broking, and together they toured the City fund managers to raise the £2m or so that was needed to buy Ryman. "That was quite an experience," she recalls. "Some of them just heard me out and said, yes, that's fine, you can have the money. Others went through all the figures in great detail. One or two wouldn't see me at all."

She is the first to admit that much of the success of Ryman has been due to the financial director she recruited, David Dunn, who had a proven record in big business. But the backers see it very much as a team effort.

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MEDICAL BRIEFING

Destructive dieting

Anorexia nervosa — the "slimmer's disease" — has some weird manifestations. Using laxatives or inducing vomiting to keep thin are well documented, but less usual are the cases of obsessive exercising to keep weight down.

A 24-year-old nurse in Boston, Massachusetts, complained of severe pain in her right hip which she managed to control by taking aspirin. But the pain continued so she went to see an orthopaedic surgeon. An X-ray revealed that she had a stress fracture in the neck of her thigh bone, and the surgeon thought that there was an outside possibility that she had a tumour which could only be checked out by a bone biopsy.

But the nurse had not told the surgeon the full story. She refused to have the biopsy and confided in a medical friend. Pleading the evidence together it emerged that the fracture had probably been triggered by a combination of exercise and diet. She regularly exercised for two to three hours a day — mainly through aerobics and running. Although she was not strictly underweight she never ate complete meals.

The astonishing part of her story is that despite the intense pain and knowing her leg was fractured, she refused to use crutches; she was terrified of not following her punishing routine and then putting on weight. In fact, she refused all treatment and refused to tell her surgeon the truth. Fortunately, the story ended happily because the bone healed naturally and she avoided having an unnecessary bone biopsy.

Dummy trouble

A dummy can pacify an infant instantly but doctors have warned that it may be the source of a sometimes troublesome fungal infection.

Babies with oral thrush characteristically have a "white mouth" caused by the growth of a yeast known as *Candida albicans*. This is usually a trivial infection but it can get bad enough to affect a baby's ability to feed.

Dr Elizabeth Poskitt and colleagues at Liverpool's children's hospitals found that nearly 50 per cent of dummies can carry the infection and that children who suck a dummy are much more likely to suffer from it.



Cards for care

The Health Minister, Mr Kenneth Clarke's call this week for improvements in cervical cytology screening, coming as it does without any extra cash, is not going to solve any of the current system's problems.

Health authorities and Family Practitioner committees have been struggling to set up local recall systems since the Government closed the national cervical recall centre at Southampton three years ago.

Many had hoped to have some form of local system (though not always computerized as the minister wants) under way by the end of this year anyway, and most have something in at least the planning stage.

If the Government wants health authorities and FPC's to do more, the National Association of Health Authorities insisted this week, it will have to provide the funds.

Nor does the edict solve the controversy over which women and how often they should be smeared. Certainly most of the women who fall victim to cervical cancer are in the older age groups. Middle-aged and elderly women are notoriously difficult to persuade to attend for a smear.

Telephone calls for kidney donors

Today an unusual birthday is being celebrated at the Hammersmith Hospital, west London. Graham Frew, (pictured left) now 41 and Britain's longest-surviving kidney transplant patient, has reached his 21st anniversary of active life. Yet there could be many more Grahams in the country if more people were prepared to come forward as donors.

Professor Brian Moores, of the Institute of Science and Technology in Cardiff, has been developing a computerized register in the Manchester and Liverpool areas on potential organ donors. The advantage of this type of register is that terminals can be put into intensive care units and doctors can easily find out whether a dying patient is listed.

If so, the approach to relatives is easier and less emotional than when requests are made blind, and the register saves time rummaging

around in handbags and wallets to see if the patient did carry a card.

Professor Moores has found it difficult to secure names for the computer. The register lists 100,000 names at the moment, but for the size of population there should be ten times that number.

Newspaper and television ads were not successful in encouraging people to sign up. Then he hit on the idea of commercial selling: if double glazing can be sold by phone — why not kidneys? Perhaps people were just too busy to fill in a card.

Apathy did seem to be the problem. The success rate of the phone turned out to be more than 75 per cent, but it would be expensive on a national scale unless run by volunteers.

So when your telephone rings and a voice says, "I am the kidney man," don't hang up.

Say it slowly

People who stammer can be taught to speak fluently if they first learn to speak slowly. No one is certain why this technique works but it seems that it compensates for the difficulty that stammerers have in co-ordinating their thinking, breathing and using their vocal cords.

Most normal speech is controlled by the left-hand side of the brain and one theory is that some stammerers suffer from interference from the right-hand side.

Learning to speak in a controlled way is only part of the process of overcoming the disability. Many ex-stammerers, even though they speak normally, still behave as before.

For example, people normally avoid eye contact with stammerers and many of them find normal social interaction extremely difficult.

A group of adult stammerers in their 20s to 40s are just coming to the end of the first NHS course designed to tackle both sides of the problem.

Run in Hertfordshire by a speech therapist, Mrs Margaret Evesham, the course has lasted a fortnight, and has taught them to speak fluently.

New York, he found that many foods which would often be a natural alternative to sweet snacks: cakes, french fries, biscuits, bananas and raisins, were highly likely to cause tooth decay in animal tests.

Sugar may not be the only culprit. Although regular brushing remains vital, Dr Curzon warns against "sticky" foods which are "high in refined carbohydrate."

His recommendations for snacks include cheese, corn chips or peanuts — three foods which don't appear to be highly cariogenic.

Olivia Timbs and Lorraine Fraser

CHRISTOPHER BOOKER

on the state of cricket:

"For the first time in the history of the game, if there was a World XI picked to play Mars, it is highly dubious whether any Englishman or Australian would deserve a place... In fact there is a good argument that the best current World XI might all be West Indians, since it seems generally accepted that Clive Lloyd's side of last year, so strong in all departments, ranks among the two or three greatest teams ever to play."

GAVIN STAMP

on Mansion House Square:

"If the Government can endorse a scheme which will replace a network of City streets by a barren open space and a 19-storey tower designed by the late Miles van der Rohe, the 99-year-old German modernist, then clearly it is minded to give planning permission to almost anything."

DUNCAN FALLOWELL

on sex:

"The corruption of innocence, morally reprehensible in our society, is nonetheless a most necessary task if life is to continue..."

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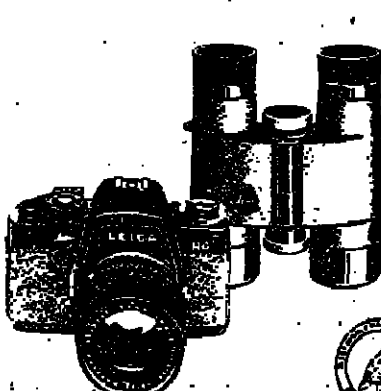
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THE TIMES DIARY

Brooke shelf

So much for the literary prowess of First World War poet Rupert Brooke: a poem of his has just been beaten into second place in a youth poetry competition run by the *Surrey Daily Advertiser*. A promising young plagiarist called Adrian Donavies entered Brooke's poem, *The Great Lover*, in his own name. The editor saw fit to publish it - but not to give it the £5 first prize. The gem that won? Russell Lewis's *Myne's Just a Thought*: "Someone is propping up the bar drinking a pint of draught/Watching all the people around talking and laughing and laughing... What next Adrian? If I should like..."

In the dock

No Tory council could upset unions with quite the consistent flair of Liverpool's Militant regime. The latest to test the waters is the National Union of Teachers - so outraged that it is taking the council to court. On March 7 the council asked its employees to strike for a day without pay in protest at ratecapping. The NUT's 2,500 members voted to work, but were thwarted by striking school caretakers. To their disgust, however, the council still docked a day's wages. "Incredibly mean and vindictive," says Liverpool NUT secretary Jim Ferguson. Nor will he be mollified to learn that with councillors' pay this month came an apology for the deduction of special responsibility allowances for that day and the promise of a refund.

... late copy

Is there no end to Reagan's VE-Day gaffes? I now learn why there is no message from the American president in the official British VE-Day souvenir programme. Mrs Thatcher and Mr Gorbachov have contributed. Reagan agreed to. Unfortunately, say the publishers, he simply could not get his copy in on time.

From Sir Alfred Sherman's introduction to a new report on British Leyland - the ultimate mixed metaphor: "So long as there is a crack of gold at the end of the garden the spur to sink or swim is blunted."

Front line

I realize the Tories are expecting a rough ride at their Scottish conference next weekend, but Scottish Office minister Michael Ancram seems to be taking undue precautions. Having inaugurated the first pylon for the electrification of the east coast line at Edinburgh's Waverley station this week, he sent a message to the station manager asking if he could keep the helmet he had worn.

BARRY FANTONI



Copies only

Rheims city authorities have refused an offer to return the original Second World War surrender documents to their place of signing for the VE anniversary because they are reluctant to pay the premium on £1 million insurance policy. London collector and historian Ian Sayer says the former Supreme Allied Headquarters in the city is not a formal museum "and it was feared someone might put a cigarette on them." Among Sayer's documents is Eisenhower's surrender ultimatum dated May 5, 1945; a note from Admiral Donitz the following day opening armistice negotiations and Eisenhower's "Top Secret" mission of the Allied Force was fulfilled at 02.41 local time, May 7, 1945. There will still be an exhibition at Rheims - of photo-copies.

Silken ladder

The *Guardian* has so far failed to respond to a challenge from Robert Alexander QC in its letters page on Wednesday in which he offered to declare his annual earnings if the *Guardian* pays to charity the difference between it and the £1 million it has reported him as earning. Yesterday, however, Alexander was on the *Guardian* again to protest at the deletion of an alternative offer in the letter that if the paper balked at paying the whole difference, it might pay just 20 per cent of it. Alexander has now extended the challenge to anyone else who thinks that top silks' fees are exorbitant. Let me give potential challengers something to go on. Not only does Alexander work on the lucrative Hong Kong "bamboo circuit", but his clerk has recently quoted a solicitor friend £15,000 for a two or three-day Chancery brief, plus a £1,000-a-day refresher.

PHS

NCCL: why I can no longer stay

by Larry Gostin

The National Council for Civil Liberties has a fine record of radical endeavour in defending political and industrial freedoms, which are currently under attack as never before. However it has not shown a willingness to grasp the nettle in defending civil liberties unpopular on the left of politics. This weakens its foundation. Ironically, by refusing to defend civil liberties in every political context, the council is weakened when defending causes cherished by the left.

I had hoped for a clear signal from the annual general meeting that it was prepared to accept that the NCCL's interests do not wholly coincide with those of the labour movement. That did not occur, and I do not see any way that the position can be changed in the immediate future.

The council's executive committee passed several motions at its meeting on February 28 which the general secretary is bound to carry out. I respect the democracy of the council, but feel I could not publicly defend the full range of policies in good conscience, and with conviction and credibility.

First, the committee "regretted" that the independent inquiry into the policing of the miners' strike "exceeded its terms of reference in commenting on the conduct of striking and working miners and in setting out civil liberty principles which did not directly relate to the role of the police, police authorities and criminal courts". The annual meeting was specifically asked by the chairman of the inquiry, Professor Peter

Wallington, to reverse that. The motion was decisively defeated.

It is inappropriate for the NCCL so narrowly to define its interests in civil liberties that it does not want or even allow an examination of the "conduct of striking or working miners". Analysis of police behaviour cannot be fair or accurate unless it takes into account the circumstances which the police are presented with. The inference that any reasonable member of the public would draw is that NCCL was seeking a highly selective analysis of the civil liberties implications of the policing of the dispute, and that reflects badly on the council's reputation.

Secondly, the committee "regretted" that the presentation of the report, notably the first plea of its conclusions, was "unnecessarily damaging to the miners' cause". The plea referred to was for all sides "to refrain from violence, intimidation or other actions likely to cause injury or public disorder or provide unnecessary ill-feeling". It is difficult to see how the NCCL could regret such a plea in any circumstances, let alone because it damaged the case of a particular side to an industrial dispute. Again, the meeting decisively defeated a motion seeking to overturn the executive committee's decision.

Third, the committee stated that "the right to strike is a fundamental civil liberty

and entirely rejects the proposition that those who break strikes are exercising an equally fundamental right". The annual meeting passed a motion in similar terms.

To my knowledge the NCCL has never recognized any civil liberty principles associated with the right not to take part in an industrial dispute. This involves the right to travel for a lawful purpose without obstruction, fear or harm. It also involves the right not to take part in an industrial dispute if the individual does not believe that it is the right thing to do.

A person does not join a trade union with expectation that he or she forfeits the right conscientiously to object to the decisions the union takes. Trade unionists would expect to be disciplined or expelled for not joining in collective actions, but they would reserve their right to do so.

Moreover, the NCCL should be prepared to recognize and, if necessary, defend, that right to object. That approach requires the defence both of collective and of individual rights without placing one in a position of priority over the other. The notion that this takes the NCCL to the political right or that it undermines the right to take collective action is incorrect. Many civil libertarians, including myself, would deplore strike-breaking, recognizing the harm that it does to working people. But that should not prevent them from recognizing the civil liberties principle in question.

Edited extracts from Mr Gostin's letter of resignation as general secretary to the chairman of NCCL.

Brenda Maddox questions the likely deal favouring cable TV

Let satellite orbit in freedom

For 60 years successive British governments protected British radio and television broadcasting by keeping out, as far as possible, alternative sources of programming. One victim of this protection was the cable industry.

Today cable television finds itself in official favour. Mrs Thatcher's government wants the industry to wire Britain for information technology. So now it is cable which is demanding protection - and getting it. The extent of the protection is expected to be revealed next week.

About a dozen satellite television channels are dropping like rain over Britain: Music Box, Screen Sport, Sky Channel and two pay-TV film services. They are soon to be joined by the Lifestyle Channel, aiming at daytime viewers, and Ted Turner's Cable News Network.

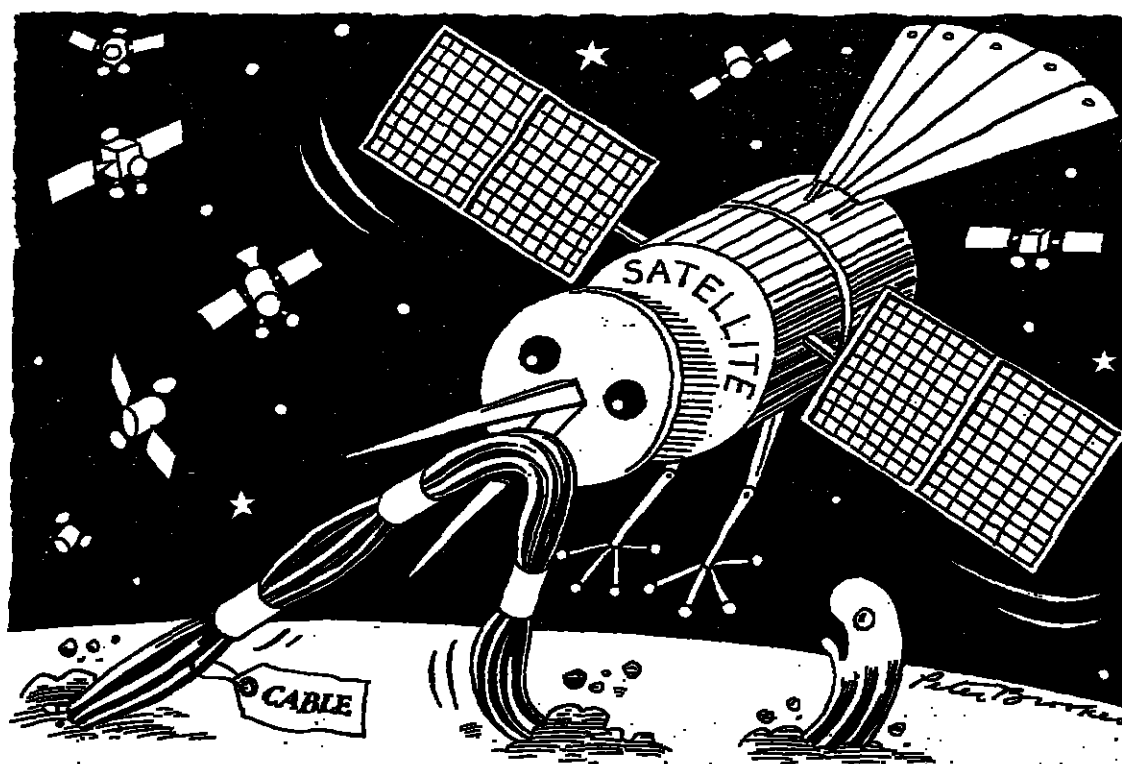
Across North America there are more than a million satellite dishes catching television from the sky. In Britain, the right to receive from satellites has been limited to organizations licensed by the Department of Trade and Industry. As a result, fewer than 150,000 people can watch satellite programmes.

There has been great pressure on the Government to liberalize the rules on satellite reception. Programme suppliers, particularly Thorn-EMI with its rock-video Music Box, children's channel and Premier film service, need the instant national audience that would result. Would-be viewers have been putting on the pressure too. Hotels, pubs, holiday camps, and even whole towns in rural areas would like the right to put up a dish and pull down an extra channel or two. The equipment needed is only three feet across and the cheapest model can be bought for about £1,200.

The Government has been on the brink of relaxing the ban. At the Royal Television Society's recent conference in Birmingham, John Butcher, the industry minister, was all set to name the day, and Thorn-EMI had called a press conference to celebrate. But Butcher changed his mind at the last minute. His speech had to be reissued, with a conspicuous patch in it.

Why the jitters? The reason lies in a phenomenon called SMATV - the acronym for "satellite master antenna television". It is a small, cheap and dangerous threat to all the Government's dreams about cable television, and perhaps direct-broadcast satellites (DBS) as well.

About two and a half million people in Britain already receive existing national television channels by cable instead of roof aerial. About half of these live in blocks of flats connected by a cable to a single roof antenna, which avoids creating a



forest of aerials. Nothing would be simpler than to place a satellite dish alongside the roof mast.

If those people can pull down Screen Sport or Ted Turner's programmes with a dish on the roof, however, why should they subscribe to cable television when the salesman comes to the door, especially if the SMATV costs about £9 a month, and cable about £15?

The answer given by Whitehall policymakers is that cable is a superior technology. The new multi-channel cable systems, like the one opening in Aberdeen today, will carry at least 30 channels of electronic information, some of it in two directions. Banking and shopping from home will become possible; computers can talk to one another. Television is just one of the services that cable can bring, although it is the one which government and investors are counting on to pay for the very high cost of installation - about £30 million for a city of 100,000. Once the cable is laid, Britain will become a wired information society.

At least, that is how the theory went three years ago. Since then the cabling of Britain has gone very slowly. Many of the 11 companies awarded the first cable franchises in November 1983 have not even started to dig up the streets. Some may never begin.

The Government's own conflicting policies are largely responsible. First, it withdrew the capital

allowances on which investors had been counting; then it demanded a very expensive unproven cable design of which there is no prospect of economic return.

The whole sorry muddle has left Britain with fewer cable subscribers than at any time since 1975. Any growth has come, not in commercial systems such as those owned by Rediffusion or high-tech "new builds", but in the non-profit systems run by housing associations and local authorities.

This is where Britain's new Cable Television Authority comes into the picture. It has been unhappy about the proposed liberalization of satellite reception. While it cannot control what the Department of Trade and Industry does under the Wireless and Telegraphy Act, it does have statutory power to licence SMATV systems for buildings with two or more dwelling units.

Jon Davey, director of the authority, says it must be made certain that SMATV is a stepping stone to cable, rather than an alternative, before the authority would acquiesce in the liberalization of satellite reception. To protect cable, safeguards must be devised. It is precisely the process of deciding on this protection, however, which has caused the delay.

The new rules are expected to be revealed next week. If rumours are true, people who live in individual dwellings will be able to erect their own satellite dishes. So will rural

communities, military bases, churches, offices, all groups, in fact, except people living in blocks of flats in areas for which a cable franchise has been awarded.

These people will have to go without satellite television - unless the cable franchise-holder itself wants to put up SMATV dishes as a stopgap until the cable is laid.

The result will be that many people who live in blocks of council flats in the most densely populated and poorest areas of Britain will be deprived of the new extra choice that all the rest of the country is about to enjoy. If they complain, the Government can always console them with the reminder: "You are being reserved for a superior technology."

The dilemma has been a cruel one for a government committed to market forces and consumer choice. It has no alternative but to drop the ban on individual reception; prevention has become impossible, just as it did with citizen's band radio. Canada tried to keep its restrictions and failed. France has given up.

So a compromise has been struck. It is a sorry legacy of the discredited tradition of heavy-handed Whitehall regulation: government policy harnessed once again to protect a shaky but favoured technology against a cheaper, newer and probably more popular one.

The author is editor of *Connections*, the communications newsletter of The Economist.

Uganda: Britain's blind eye to terror

"In Amin's time I never saw so many dead bodies. I never saw so many people being raped by the soldiers. Things in the Buganda area, at least, have got worse since Amin." This was the verdict of a missionary, recently returned from Uganda, who lived there throughout the Amin period.

Idi Amin exhausted the journalists' stock of monstrous superlatives and most people's capacity for revulsion. The "Conqueror of the British Empire" revelled in lecturing British journalists from his poolside on how Britain should be run while survivors of his death squads spoke of fridges where he kept the organs of victims before eating them. It is conceivable or bearable that things could be worse than under Amin? An increasing number of well-informed aid workers and human rights activists are coming to the same conclusion as the missionary, however.

Under the headline "Amin-style abductions and mass graves are here again!" *Munnsani*, a small newspaper with links with the opposition Democratic Party, recently reported the discovery of a mass killing. A reporter followed a lorry with 20 prisoners from the notorious Makindye barracks to a village called Kiti just outside Kampala. When he reached the lorry's destination he found their bodies "strewn about with fresh bullet wounds". He discovered a further 30 bodies in the same place in an advanced state of decomposition, and a further eight bodies were shown to him

Amnesty International believes the situation warrants the "gravest concern" and cites reports of widespread detention without trial, torture, disappearance and death. Those who sit the reports estimate privately that in the Luwero triangle, the area where the Ugandan army is fighting rebel guerrillas, some 300,000 people are unaccounted for - half the population. "If things are quiet there," one said, "it is the quietness of the grave. There is no one left for the army to kill."

The Obote government blames the chaos and killing on "bandits", as it calls the guerrillas, but it leaves a great deal unexplained. Amin used spectacular methods to kill his opponents, but the peasants were by and large left alone. Under Obote there have been persistent reports of soldiers and youth members of the ruling Uganda People's Congress sweeping through villages, killing and looting as they go.

Refugee figures tell the story. There were about 25,000 refugees from Amin's Uganda; now there are about 280,000. Of these 200,000 are in camps in southern Sudan, peasants driven from West Nile, Amin's home province. Over 30,000 are in Rwanda, Banyarwanda people driven out of Uganda by UPC youths in 1982 because senior party officials wanted their land for paragonage. Those who did not get out before the border closed have remained in Uganda, robbed of their cattle and homes.

Amin was from a small tribe and there was no consistent tribal pattern to his rule. Under Obote, however, the old tribal rivalry between the northern Acholi and Langi tribes and the Baganda of the south, the biggest single tribe in Uganda, has been resumed with a vengeance.

The Baganda are natural supporters of the Democratic Party rather than Yoweri Museveni's guerrillas but junior officials of the DP are being constantly harassed, detained and even abducted, although its leader, Paulo Ssemogerere, is still allowed to function. The price of stability in Uganda is at least the passive assent of the Baganda, and Obote forfeited this long ago. Support for the guerrillas will in future may depend on how he treats the DP in the run-up to the elections due later this year.

Information from Uganda is difficult to obtain. The editor and three other senior staff of *Munnsani* have been detained since last November. Foreign journalists are not allowed into the country unless they have a letter signed personally by the Minister of Information. All others, including a *Times* correspondent, have been turned back at the border.

In the absence of free movement for journalists, diplomats can become an important source of information, or misinformation. In this respect the Obote regime has a protector in the British government.

When Elliott Abrams, the American Under Secretary for Human Rights, said last year that between

100,000 and 200,000 people had died in operations by the Ugandan army, the British High Commissioner queried the figure and insisted that things were improving since Amin's overthrow. Earlier this year the High Commissioner congratulated the Ugandan government on its improved human rights record and on the "growing harmonious relations between civilians and army".

To the British government there is no alternative to the Obote regime at present, and no point in weakening an already feeble administration.

Although there have been rumours of a coup to replace Obote with someone who could end the war, the prospects for trust between government and people remain remote. Even more remote are the prospects for a change of government, some DP supporters admit that, even if their party won the election by some unlikely failure of ballot rigging, the army would not serve a DP leadership.

The choice does not lie between chaos and an unfettered tyranny, however. Obote cares deeply about the country's image, and image is important in securing aid.

The image presented by the Ugandan government and underwritten by Britain is looking less and less like the picture presented by the people on the ground. It is time the rest of the world was allowed to find out what was going on.

Richard Dowden

David Watt

Bitburg protest that could rebound

The row over President Reagan's visit to the Bitburg cemetery is grotesque and absurd - which is why it is interesting. A political incident capable of monopolizing the US and West German media for a week - downgrading such topics as the Bonn summit, the world economy and the "star wars" initiative - may be trivial but cannot entirely lack significance.

In deciding what this may be, let us for a start try to cool the argument.

● The West Germans have succeeded, since 1945, in establishing a stable, liberal democracy on the ruins of the Third Reich. The main internal instrument of this success has been a determination on the part of 93 per cent of its people to repudiate the Nazi past; externally it has been the western alliance, and particularly the reconciliation with France and the US.

● The fortieth anniversary of the defeat of Nazism is an appropriate time to celebrate these achievements and to show by some symbolic act that Germany's allies in America share the new nation, being unlike the old, is a friend and an equal - morally as well as in every other way - of the rest of the free world. If we cannot agree to this proposition, let us by all means say so and treat Germany as a pariah; but the fact is that if anyone does dispute it, he has not dared to say so in the last week.

● There is nothing particularly odd in an American president following age-old precedent and signalling reconciliation by going to a place where former enemies are buried.

● Is the case altered by the fact that some committed supporters of Nazism are almost certain to be interred in any German military graveyard alongside others simply caught up in the whirlwind of the war? For my own part I think that the symbolism is actually enhanced by their presence: there is no point in opening a new book unless one specifically notes, in closing the old one - for good - that it contains unacceptable pages.

However, if this is regarded as a controversial view, let us rest the argument on more generally acceptable considerations. Other western leaders have laid wreaths in Bitburg and other German graveyards without anybody worrying about the identity of their inhabitants. The proportion of Waffen-SS soldiers buried at Bitburg is less than 2 per cent. And whatever anyone may think of President Reagan's policies or competence, he is the last person on earth who could seriously be suspected of condoning Nazism or slurring the memory of its victims.

The inference from all this is that, instead of the curses rained upon him, the president deserves at least respect for trying to do the right thing. Arguably he was too sentimental in agreeing to Chancellor Kohl's suggestion of a ceremony: perhaps he was tactless to reject (and later accept in confusion) the original German suggestion that he should also go to a concentration camp; perhaps his advance party were at fault in thinking about where to put the television cameras when they should have been brushing off the snow which shrouded the Waffen-SS tombstones. But if these were errors, they were well-intentioned and forgivable and should have been put aside in the wider interests of generosity and goodwill.

One reason they were not is plain old politics. The Democrats, bitterly frustrated by the Reagan landslide last autumn, will snatch at any stick

to beat him with. A revealing indication of what is going on, even in Britain, was contained in a *Guardian* leader which confessed to a "sneaking sympathy" with the president in his present predicament. Why "sneaking", if the issue is being judged, by liberal opinion, purely on its merits?

Rather more complicated is the knot of issues to do with public relations and public reaction. It adds to the gaiety of nations if Reagan, the great communicator, falls flat on his well-made-up face. Again, American press and television, extremely sensitive to charges that he has successfully manipulated them for years, are delighted to have a chance to prove their fearless integrity. On the other hand, there seems to be a note of unease in American comment, and in the fact that so many Republican congressmen urged him to back down.

The presidency itself, whose credibility it has been Reagan's main accomplishment to reinstate by his mysterious arts, has been and will be damaged if those arts have lost their magic power, and in this sense the president's failing, in American eyes, has nothing to do with the German or Nazism. It is to have failed at all.

Finally, the most powerful, and complicated, element of all is the Jewish factor. There is not one would have thought, much new to say about the extraordinary strength of the Jewish lobby in American politics and the media. Yet some significant questions arise about this manifestation of it. The first is whether it really was the prime motive power behind opposition to the Reagan trip, and to this the answer is assuredly affirmative. The congressional votes and the opinion polls have been heavily against the president, but many of these reflect the other motives I have mentioned, together with the usual "Jewish factor" which causes any sane, peace-loving congressman to ask himself whether it is worth offending a (possibly) small number of Jewish constituents on a matter over which they feel passionately when the issue leaves the rest of his flock relatively indifferent.

The other question, to which I have no clear reply, is this. Most Jews have "never again" branded somewhere on their hearts - and with good reason - the usual "Jewish factor" which causes any sane, peace-loving congressman to ask himself whether it is worth offending a (possibly) small number of Jewish constituents on a matter over which they feel passionately when the issue leaves the rest of his flock relatively indifferent. The answer is assuredly affirmative. The congressional votes and the opinion polls have been heavily against the president, but many of these reflect the other motives I have mentioned, together with the usual "Jewish factor" which causes any sane, peace-loving congressman to ask himself whether it is worth offending a (possibly) small number of Jewish constituents on a matter over which they feel passionately when the issue leaves the rest of his flock relatively indifferent.

Whatever the answer, it seems clear to me that this time the lobby has overplayed its hand. It has caused a profound and possibly dangerous irritation in West Germany and helped to undermine the president's most favourable image since Truman. Since I believe that in many ways he is also the worst president since Hoover I suppose I ought to be grateful, but I am not. Reagan has done the right thing in going ahead with his trip and if, in repairing the damage to US-German relations, he repairs his own credibility, I will happily settle for that.

moreover... Miles Kingston

Alas, poor Ronald, I knew him well

Scene, a graveyard. Enter Prince Ronald Reagan, with Horatio, a scriptwriter. They stand and watch the grave-diggers.

First Grave-digger: (holding a skull) Here's a fellow gone to dust, American. Slav or Dane. He ran for office twice. I trust. He'll not be running again.

Ronald: This fellow has a gloomy tone. I like not his speech, Horatio. Horatio: Had I written his speech, it would have been far cheerier.

Ronald: Well said! These European graveyards get me down. Grave-digger: Having been got down, thou'll never get up again in this place. When a fellow goes to ground here, 'tis underground he stays, for having been ground down.

Ronald: OK, I get the point. This fellow's talk is full of gags, Horatio, as if he had a team who wrote them for him.

Grave-digger: (tossing skull) Two hundred-million Russians said, This man is lord and boss. But now that he is surely dead, we account him little loss.

Ronald: To go from world leader to skull in one fell movement, Horatio, this is bitter indeed! I knew a fellow once, from Africa, who was a prince at home, with some strange name like Mary...

Horatio: President Nimeiry. Horatio: Aye, that was him. One moment he was in his house, talking and laughing, a king of the world, the next moment in Cairo airport, sans title, sans land, sans anything, in my absence, Horatio.

Horatio: We have people working on that, my lord.

Ronald: Good, good. What do I say next?

Horatio: Whose skull was this?

Ronald: Whose skull was this?

Grave-digger: Why, sir, a hero of the war.

Ronald: A hero of the war? I knew him well! We stormed the heights of Iwo Jima, he and I, brave like two hawks! Up, Normandy beaches...

swam we together, in Africa's sandy deserts fought we well, and went on furlough once in London...

Horatio: You were in Hollywood, sir. You knew him not.

Ronald: Why, then, I saw the film! Grave-digger: I think not so. He was a German hero of the war.

Ronald: Oh, was he now? That's different. Horatio, give me a speech. Get me out of this hole.

Grave-digger: Being once in this hole, thou'll never get out, for he who is wholly in this hole...

Ronald: Stop thy prating. Here comes old King Kohl, with mourners. Kohl speaks.

Soon comes Prince Ronald, with his black suit on. I wish to God he'd stayed in Washington.

Exit old King Kohl, with mourners, plus TV crews, media folk etc.

Ronald: Alas, I have committed one too many gaffes. Horatio, where's thy supply of laughs?

Horatio: None good enough to get you off the hook.

It could be said that we are both in schtick.

Ronald: Oh, cruellest stroke of fate for the US...

Grave-digger: To be defeated now by the SS!

Ronald: Yes, well, something like that.

Enter a messenger, bleeding badly. Well, not very well, at least.

Messenger: I come from Nicaragua, my lord.

Where we take arms against the Commie horde.

Ronald: How goes the battle with the Soviet trash?

Messenger: Not well, my lord. We need a lot more cash.

Ronald: OK, you've got it. Here's a billion dollars.

Now go and hit the enemy till he hollers.

Exit Horatio, wondering how he can explain to the world that Prince Ronald is commemorating the last war, not planning the next.

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SIX YEARS ON, SO LITTLE DONE

It is six years since Mrs Thatcher became Prime Minister. She said in a radio phone-in this week that although her Government had changed many attitudes in the country, she needed to win a third election, presumably to make them stick. Just attitudes, Prime Minister?

Of course, it is quite hard, even after six years, to point to any other palpable achievements for this Government. General taxation is running as high as in 1979. Government spending is as always defying control. Subsidies survive unchecked and, with the exception of some aspects of trade union behaviour being subjected to new legal inhibitions, the professions and all those other vested interests carry on largely intact. If those achievements are all that a Government endorsed first with a comfortable and then with a colossal parliamentary majority can put through, what hope is there for Britain's decline ever to be reversed?

Mrs Thatcher may well fall back on the question of attitudes since they are not measurable either for or against the performance of her Government. But a third term requires something more inspiring than that. It requires convincing evidence that a serious and successful assault will be made on those sources of obstruction which have managed to reduce so many of the Tory party's 1979 promises to a plaintive invocation of a change of attitude. If these obstructions to a society based on enterprise and shorn of its collectivist illusions cannot be dismantled in six years, what evidence is there that 12 years will be any better?

Thatcherism is still only skin deep. It is tough and go on the Conservative back-benches. The unseemly saga of student grants was only one of a number of issues which could have revealed that Tory MPs are not prepared to put their money where their mouths are. How often was it made clear during the miners' strike that the subsidies which were needed to keep miners at work in uneconomic pits would have come mostly from taxpayers who were earning less than the miners themselves? It does not take the launching of the Employment Institute to reveal that plenty of people are waiting in the wings ready to spend other people's money in pursuit of goals and businesses which they think are best for them.

Mrs Thatcher's supporters

may fret at the paucity of results after six years but they forget that she and a very small group of like-minded politicians are engaged in a struggle which goes to the very heart of Britain's contemporary culture. That struggle is between on the one hand the traditional leadership of the country, consisting of what has come to be known as The Good and The Great, the big corporations, the jetsam and flotsam from public and private bureaucracies and academic life, and on the other hand the gut instincts of a people whose greatest historical achievements have sprung from a genuine meritocracy. The interests of the latter have not been ignored but have been channelled, patronisingly, into areas chosen with the sustained arrogance of a leadership which by its training and custom has developed an inherent distaste for market principles and the vulgarities of the system which operates according to them.

Sir Keith Joseph epitomized this gulf in a BBC interview this week when, in answer to a questioner whose sympathies clearly lay with the striking teachers, he said that questions of pay are not settled philosophically or morally but by the needs of recruitment, retention and motivation: the workings of the market. A market system delivers the goods that people want, but it cannot explain why. The reason that it cannot do so is that politicians, teachers, journalists, broadcasters and academics constitute a very large number of those that benefit from the "tax state". It is small wonder that the principles of market economics receive such a hammering against such foes. The case for real economic freedom, which must be based and connected with the maintenance of all other freedoms, goes by default.

Since 1945 the growth of government has been enormous. So has the growth of international organizations, which emulate the parent bodies. There is now a legion of jobs for statisticians who can be relied upon to reflect and propagate without question the principles on which government and quasi-government survives. This is bred a dynasty of statisticians in the burgeoning bureaucracies of the Third World who, in turn, lobby the developed world with echoes of the policies which might otherwise be in dispute.

In Britain's corporatist economy, such as we still have even

after the efforts of Mrs Thatcher's Cabinet to alter the balance more in favour of private than public endeavour, the businessman still has to play it both ways. In the interests of self-preservation, when much of his business still comes from the state, he can hardly afford to stand out against the system.

In what amounts to an old-fashioned system of patronage, the new orthodoxy of market capitalism can easily be isolated, dismissed as an eccentric notion, or even an aberration, and relegated to a fringe philosophy. The chance of these issues being discussed in any serious form either in newspapers or on the television media, is extremely slim since the choice of programmes is normally determined by *elitists*, and the thrust of the questions reflects prevailing fashion.

As Hayek points out, the intellectuals' love for the abstract and the inspirational aspects of Utopia is won "not by a battle of conflicting ideas, but by the contrasts between an existing state of affairs and that one ideal of a possible future society" in which the disaffected and dissatisfied intellectual will find a path to both influence and power. Before him, Von Mises, suggested that those intellectuals who consider themselves short-changed *vis-à-vis* businessmen and others whom capitalism supposedly favours "subliminate their hatred into the philosophy of anti-capitalism, in order to render inaudible the inner voice that tells them that their failure is their own fault". According to Stigler this resentment arises because capitalism "makes no provision for men whose talents and interests are not orientated to profit-seeking economic activity".

In Mrs Thatcher's Britain it is not enough to know that according to a recent Gallup poll more than 70 per cent of the working population regards itself as members of the working class, as people thus eager to live, work and improve their lot daily as they have always done in an economic system which strives to give them the maximum freedom of opportunity. It is not enough that six years of Tory rule have given those men and women hope and revealed the existence of enterprising attitudes even at the bottom of our society. There will be only despair if it requires another six years before we see evidence that the same message has got through at the top.

Every advanced country supports services for cultural reasons (for, as Sir Douglas Hague puts it, for consumption) and the UK is no exception. Very sizeable sums which showed a modest, but most welcome, increase recently are used to support pure science.

Yet there is great unease in the pure science community, partly because the size of the community is now such that these sums are insufficient to support even some of the very good proposals, partly because in other nations of our size the sums have gone up, leaving the UK behind so much that we have to drop out of international science projects.

To me a very important part of Dr Harrop's letter is his appeal to scientists to change their chosen topic. Until recently, so many amongst scientists no less than amongst others is to me a wholly inhuman attitude, leaving out that most important and characteristic of all human attributes, our adaptability.

Yours faithfully,
HERMANN BONDI,
Churchill College, Cambridge.

Quest for a jobs programme

From the Director of the Employment Institute and Charter for Jobs Ltd.

Sir, Mr Tony Baldry took the fledgling Employment Institute to task in his letter (April 24) for providing a "fraudulent prospectus" for reducing unemployment. Perhaps I could correct a couple of false impressions?

First, the Employment Institute will not be in the business of providing a prospectus for anything. It will be a genuine research body, devoted to pursuing its own academic research on barriers to employment growth and to publishing the work of distinguished outside contributors. The focus will be on ways of bringing down unemployment, but there will be no presumption about the detailed means by which this should be achieved.

Secondly, the separate campaigning arm of our organisation, Charter for Jobs - does already have a clear and realistic prospectus. The pamphlet, *It's Can Cut Unemployment* (Freepost, London NW3 1YP), sets out clearly what we believe to be the main causes of the recent distressing rise in unemployment and what should be done to bring unemployment down again.

You will not find in that document any denial of the importance of international competitiveness or of the supply side in general. But the sharp reductions in demand implemented over the past few years are identified as having had a crucial role and one which can and should be speedily reversed.

Mr Baldry acknowledges the scope for new Government initiatives in certain areas, including the expansion of YTS (Youth Training Scheme) and community programmes as well as approving cuts in National Insurance contributions. He is not suggesting that the solution to unemployment lies solely in the "marketplace". So perhaps there is, after all, a lot of common ground between us.

We hope that our charter will provide a common programme around which many can unite. Its essential of higher (but responsible) Government borrowing, increased public expenditure on the infrastructure and essential services, lower taxes on jobs and a job guarantee for the long-term unemployed, already command widespread support.

As Mr Baldry says, unemployment is a challenge to us all. One of our first responsibilities is to provide a clear message to the Government that it needs to take action, now.

Yours faithfully,
JON SHIELDS, Director,
Employment Institute and
Charter for Jobs Ltd.,
PO Box 474,
London NW3 4SZ,
April 29.

Wealth from science

From the Master of Churchill College

Sir, I was delighted to see Dr Harrop's letter in *The Times* of April 19 on exploiting science as a base for wealth. As a former colleague of his I am well aware of his considerable efforts in this field. Yet I believe that certain additions should be made to his letter.

Every advanced country supports services for cultural reasons (for, as Sir Douglas Hague puts it, for consumption) and the UK is no exception. Very sizeable sums which showed a modest, but most welcome, increase recently are used to support pure science.

Yet there is great unease in the pure science community, partly because the size of the community is now such that these sums are insufficient to support even some of the very good proposals, partly because in other nations of our size the sums have gone up, leaving the UK behind so much that we have to drop out of international science projects.

To me a very important part of Dr Harrop's letter is his appeal to scientists to change their chosen topic. Until recently, so many amongst scientists no less than amongst others is to me a wholly inhuman attitude, leaving out that most important and characteristic of all human attributes, our adaptability.

Yours faithfully,
HERMANN BONDI,
Churchill College, Cambridge.

Hitler and the Nazi vote

From Dr Dick Geary

Sir, If Roger Scruton (April 2) wishes to support his argument concerning the "real" nature of democracy with reference to historical fact, he should get his history straight. What is "the election which brought Hitler to power, and which extinguished responsible government in Germany"?

From 1930 Germany was already ruled by presidential Cabinets which relied upon emergency decrees, not parliamentary majorities, to govern. More important, the highest percentage of the popular vote achieved by the Nazis before Hitler became Chancellor in January, 1933, was under 38 per cent in the Reichstag elections of July, 1932.

In the subsequent election of November, 1932, two million voters deserted Hitler; and the Nazi vote continued to decline in local and state elections between that date and Hitler's becoming Chancellor. Thus no "election" brought Hitler to power.

Yours faithfully,
D. A. BELL,
87 East End,
Wokingham,
Berkshire,
North Humberdale
April 25.

Concern at Merchant Navy decline

From Sir Edward du Cann, MP for Taunton (Conservative)

Sir, The Government's White Paper on Defence strikes a note of worrying complacency in one respect - the appalling decline in Britain's merchant fleet.

According to the latest figures published by the General Council of British Shipping, the British merchant fleet has declined from a peak of 1,614 ships in 1975 to only 686 today. So far as distant water trawlers are concerned, in 1976 there were 43 sailing out of British ports; today there are 16.

On present trends it will not be long before the bulk of Britain's trade, 98 per cent of which goes by sea, will be in the hands of foreign carriers. It will be impossible shortly to mount another successful expedition to the Falkland Islands, analogous to that of 1982. That expedition depended upon 54 ships flying the Red Ensign; they will no longer be available.

In response to pressures in Parliament, Government has established a study into the situation. What is now needed is that the study should be expedited and its results published as soon as they are available.

It is essential that the nation is made more aware of the extreme dangers of the present position from the standpoints of defence and of the economy. The implications of a declining merchant fleet from the point of view of defence are surely

obvious to all students of the last war.

From the economic point of view there are so many trades and professions and so much employment which depend upon a strong merchant fleet: shipbuilding, ship-repairing, engineering, chartering, insurance and technology - the list is a very long one. In 1939 there were 159,000 sailors in Britain's merchant fleet; today there are just 40,000.

Government's policies towards the Merchant Navy have been ambivalent and unco-ordinated. Transport is supposedly the sponsoring ministry and yet it fails to influence the Treasury which, at a stroke, alters the tax treatment of ship-owning companies and of mariners, thereby exacerbating a worsening situation.

It is essential now that a single senior minister should be appointed by the Prime Minister to reverse Britain's declining position in the maritime transport world scene. That is the considered opinion of the All-party Parliamentary Maritime Affairs Group, which has recently been sponsored by Mr Callaghan. Dr Owen and myself in order to draw public attention to the dangers of the present situation and to propose action to remedy it.

Yours etc,
EDWARD DU CANN, Chairman,
All-Party Maritime Affairs Group,
House of Commons,
May 2.

Control of the NCCL

From Mr Tony Smythe

Sir, The founding members of the National Council for Civil Liberties, who included eminent writers and lawyers, would have been surprised to be described as sectarian, even though one of their first tasks was to observe the policing of the hunger marches. But when the organization did fall into the clutches of the fellow-travelling remnants of the popular front its credibility and effectiveness took years to restore.

A broad-based support was achieved in the 1960s and any "left-of-centre colouring" was hardly the fault of those who joined, but of those conservative-minded people and lawyers who stood aloof while the battles raged against authoritarianism and State power during periods of Labour and Conservative governments.

If this year's AGM (report, April 29) were part of the continuing process of fending off factions which need handwagons to survive, even if they have succeeded in getting a free ride until the next one, then would not be the best. But the voting, backed by key executive and staff members, was overwhelmingly against civil liberty principles. The first assault came last year and the

margin of disagreement has increased.

The self-destruction and blatant sectarianism were wedded to a brutal disregard for the NCCL's best tradition, the needs of those whose civil liberties are being increasingly threatened, the penetrating work of the independent team which investigated the policing of the miners' dispute and the early achievements, skill and dedication of the general secretary.

The fact that the civil liberty record of the Government was, no doubt, a vital contribution to the breaking of an always fragile consensus is no excuse.

As a former general secretary and although it breaks my heart to say so, the proposed lifeline of a postal ballot is constitutionally impossible and hardly realistic when management control rests with those who, by their actions, repudiated the NCCL's purposes and charter of rights.

The work to preserve and enhance civil liberties, including those of workers and trade unionists, must go on, but it cannot wait on the NCCL to regain its senses and its values.

Yours faithfully,
TONY SMYTHE,
136 Stapledon Hall Road, N4,
April 30.

Prince and Pope

From Lord Rawlinson of Ewell, QC

Sir, In 1982 the Pope publicly prayed at Canterbury, the heart of the great Anglican Church. Roman Catholics rejoiced at this public mark of respect and affection.

In 1983 the heir to the throne and future head of the Commonwealth, millions of whose loyal subjects or citizens are Catholics, was prevented (certainly not by law) from attending on an official visit a private Mass at the Vatican.

All true Christians will surely be surprised. But there appear to be wider implications which may arise. For does this mean that in modern Britain at the end of the 20th century the head of State or heir to the throne, paying an official visit to a religious or political leader is inhibited from attending service in synagogue or mosque? Any such inhibition would not seem to serve the interest of the modern State.

If, however, the inhibition is limited to the Pope and to the Mass, then very many very loyal subjects who have demonstrated their loyalty in peace and war and who have an intense personal loyalty to their Sovereign and her family will be very, very saddened.

Yours faithfully,
PETER RAWLINSON,
House of Lords,
May 1.

From the Reverend John J. Coyne

Sir, Why all the controversy concerning the Prince of Wales and the papal visit? There are many evangelical Christians in this land who loyally pray that further reflection might lead the Prince and Princess to see that what ultimately matters is which of these views are consistent with biblical revelation and of any spiritual benefit.

Yours faithfully,
ALAN F. GIBSON,
General Secretary,
British Evangelical Council,
113 Victoria Street,
St Albans,
Hertfordshire,
April 30.

Surfeit of salmon

From Mr A. F. George

Sir, Scores, nay hundreds, have reported sight of the "no salmon" clause in the apprentices' indentures (letter, April 20). When the royal commissioners of inquiry into the English and Welsh salmon fisheries were going their rounds in 1860 they recorded:

We heard also in every locality we visited that it was in former times a condition commonly made in indentures of apprenticeship that the apprentice should not be obliged to dine on salmon more than twice or three times a week. We endeavoured to obtain a sight of one of these instruments, but without success.

Inspired years ago by Mr I. Cohen's splendid paper on the subject in the *Transactions of the Wootton Bassett Field Club*, I followed up the literature over 300 years myself and also procured the

services of someone legally qualified to scrutinise the Scottish statutes where the clause is reputed to originate.

My efforts to locate an authoritative text, described in a *Trout and Salmon* article and subsequent correspondence, met with the same degree of success encountered by the Salmon Commissioners 125 years ago and the many other investigators in the interim.

I am not casting doubt on Mr Shoosmith's present memory of a distant event but the fact is that the "no salmon" clause debate has reached the stage where production of the document itself will alone sanction credibility.

I am, Sir, yours faithfully
TONY GEORGE,
15 Finchdene Grove,
Finchfield,
Wolverhampton,
West Midlands,
April 21.

THE TIMES ON THIS DAY

MAY 3 1986

A piece of history of *The Times* - news on the front page, that is as a permanent feature, for as "On this Day" mentioned on April 24, classified advertisements have on more than one occasion taken second place to news. In retrospect the space of news and comment on the change was out of proportion to the event. Television companies invaded *Printing House Square* and reporters and columnists gave lavish coverage in the press. The transposition was one of a number of changes as the extract from the leading article below points out; another was the dropping of the royal coat of arms, an act which earned the approval of *renewed* with the royal wedding in 1981 - in the style of 1792. *Alas, that the news itself of this day did not live up to the occasion; there was little which was of major importance on the night of May 2, and consequently a piece of "uninformed" speculation that Nats' HQ was to be moved to London was promoted to lead the page.*

MODERN TIMES

"Change", said RICHARD HOOKER, "is not made without inconvenience, even from worse to better". We hope that any inconvenience the unfamiliar look of today's issue of *The Times* may cause old readers will be short-lived, and that once they have become accustomed to finding their way about the redesigned paper - which we believe they will do quite well - they will agree the changes are for the better.

The question has been asked why there should be change at all. Change is the lot of life. If things do not evolve they die. *The Times* of yesterday was not *The Times* of 1916 or of 1858. Every newspaper is evolving all the time. Newspapers serve society; if they are to do so successfully they cannot divorce themselves from its habits. Placing news on the front page of *The Times* is not a new step at all. This paper has been reading for 181 years. Uniqueness is not a virtue if it becomes mere eccentricity. There is no future for any newspaper as a museum piece.

The world-wide interest in the change is a measure of the deliberateness with which the step has been approached. News first began to appear regularly on the front page of an English newspaper in 1785. Between the wars there was a general switch-over. When *The Manchester Guardian* put news on its front page in 1932 only *The Times* was left among English newspapers. Now *The Times* also puts first things first. The prime purpose of a newspaper is to give news. It should do so in the quickest and most convenient manner.

The consequent rearrangement of the other pages has been kept as simple as possible. The home and overseas news pages remain grouped together... The layout page stays in its place, positive, but the weather forecast has been removed in order to expand this information and bring it all together...

A Diary has been introduced... Some readers have been alarmed by reports that it is to be a gossip column. There were far more vehement fears when *The Times* started a crossword puzzle. (That angry and vituperative correspondence from the eminent and the unknown was one of the social curiosities of the age.) We hope *The Times* diary will come to be as eagerly awaited and as highly regarded as *The Times* crossword now is...

We have dealt at this length with the appearance of *The Times* because it is what immediately strikes the reader. But news on the front page, even of *The Times*, will be a few days' waiting. Readers will rapidly become accustomed to the new look as they were to the old. It is what a newspaper is that matters.

There is no intention of altering the essential character of *The Times*. The same people have produced today's issue as did yesterday's. They will continue to have the same sense of responsibility and the same standards. They will at the same time use all their professional skill to make *The Times* more comprehensive, more interesting, more explicit, more lucid. *The Times* aims at being a paper for intelligent readers of all ages and all classes. The more it can have of them the better. Some newspapers have expressed the dark suspicion that one of the reasons *The Times* is modernising itself is to get more readers. Of course it is. And we shall go on trying to get more readers for as long as we believe in our purpose.

Lingering memories

From Mr Douglas Hayhurst

Sir, Your feature on "Dixie" Deans (April 10) sent me looking for my wartime log (kept by most POWs) and I read this which I wrote over 40 years ago:

"Three... I shall remember [the other two I have never heard of since]. J. A. Deans: When this war is over, when the majority of incidents in this prison life have been forgotten; when all those people with whom we have been so intimately have slipped from our minds, most of us will remember 'Dixie'. By his leadership and devotion during the past four years he claims a permanent niche in our memories."

"A. F. JAMES: 'Will one day be prime minister of Australia.' JAMES 'RED' GORDON: 'A great Canadian.'"

Yours faithfully,
DOUGIE HAYHURST,
(EX-KNIGHTS/RETIRED/NO 369)
8 The Outlook,
Frisson,
Eastbourne, East Sussex.

Feeling the pinch

From Mrs Audrey Jones

Sir, Mr Frank Muir (April 27) will be relieved to hear that pinching as a sign of approval was a well-known practice in Jewish domestic circles until quite recently (and may, for all I know, still continue).

In my childhood there were certain aunts who had to be avoided because of their habit of pinching one's cheeks. Most of these ladies were not really aunts; they were mothers-in-law or aunts of aunts and my sister and I met them at tea parties.

They hailed, for the most part, from Russia, Poland or Latvia and were the immigrants of the eighties and nineties. By the 1930s and 1940s they were the feared matriarchs of Maida Vale.

I hope I have put Mr Muir's mind at rest.
Yours faithfully,
AUDREY JONES,
42 Cornway,
Ealing, W5,
April 29.

Mansion House Square

From Mr C. Douglas Woodward

Sir, The suggestion in the President of the RIBA's letter (May 1) that refurbishment of the existing buildings "will appal the City bankers, brokers and insurers" is an assertion unsupported by evidence.

On the contrary, the City Corporation, a body on which bankers, brokers and insurers are represented, unanimously opposed the Palumbo scheme in 1982, leading to the enquiry. In turning down the scheme, the arguments advanced in the City for a new development of the City as an international financial centre and the need to enhance its appearance were meticulously considered.

The President of the RIBA is also mistaken in claiming that it is only in new buildings that new techniques can be employed. Each year we present an award in the City for what is judged to be the best refurbishment project and many of these restored buildings

have become new-technology communication centres for financial institutions, both UK and foreign.

The thought of a Chicago-suited stumpy being built next to the Mansion House appals the overwhelming majority of City workers and residents, in the same way that Westminster would resist such an erection in Downing Street.

Yours faithfully,
C. DOUGLAS WOODWARD,
Chairman,
City Heritage Society,
404 Gilbert House,
Barbican, EC2,
May 1.

Use of calculators

From Professor D. A. Bell

Sir, When students first asked for permission to use pocket calculators in examinations I warned them that, while speeding up arithmetic, the electronic calculator provides the quickest way to make mistakes in the solution of problems.

One should never put a problem through an electronic calculator before making some estimate of the answer, and even for full-scale computers the professionals recommend a preliminary calculation on "the back of an envelope" (title of a recent article in the *Computer Bulletin*).

Moreover, if the object of physical education is to develop the agility and strength of the body, should not other (mental) education do the same for the brain? The use of an electronic calculator to perform simple arithmetic is comparable with using a car to travel a distance of one city block or a chain saw to cut up a two-inch branch of a tree. None of these contributes to human development.

Yours faithfully,
D. A. BELL,
87 East End,
Wokingham,
Berkshire,
North Humberdale
April 25.

May 3, 1985

(SPECIAL REPORT)

THE CHANNEL ISLANDS/1
by Godfrey Morrison

The patron who came as the Conqueror

The Channel Islands have prospered because they are anomalous. Their future success will depend on whether they can continue their long history of adaptability to change in the outside world, and on whether, like some virtuoso performer, they can continue to perform a whole series of simultaneous balancing acts.

The anomalies. The people are British but they are not citizens of the United Kingdom. The islands are within the European Economic Community's common external tariff but because of a protocol signed late at night during the British entry negotiations, they are not really part of the EEC and are not subject to regulations issued from Brussels and, very important, not bound by the EEC's fiscal policies, so VAT does not exist and income tax is levied at a flat rate of 20p in the £.

Their status in the EEC is odd enough but their relationship with the United Kingdom, for a whole host of mainly historical reasons, is really very peculiar indeed.

They are subject to some laws passed by the British Parliament and Britain handles their external relations. But the link with the British Government was never handled by the Colonial Office or the Foreign Office or today's Foreign and Commonwealth Office but by the Home Office.

Historically they are remnants of the British monarchy's former French possessions, so William the Conqueror is ultimately responsible for the present situation. So if there is ever a search for the patron saint of offshore roll-up funds, well-run tourism, greenhouse tomatoes or high quality new potatoes, he should be a front runner.

Channel Islanders like to stress that their links with Britain are not really with the government but with the monarch and in Guernsey in particular they make rather a point of referring to her on official occasions as the Duke of Normandy.

The anomalous situation of the islands and the need for balance is well illustrated by the present debate there about how best to respond to last year's request from Whitehall that they make a financial contribution to Britain's defence. There is a certain irony in this

debate since this year the islanders are celebrating what is much more important to them than any anniversary of D Day or VE Day and that is the fortieth anniversary of their liberation from German occupation.

Though they were not defended in the Second World War and many islanders are very hostile to entering into any long term financial commitment to Britain's defence, the importance of their links with Britain is recognized and some way of responding to the British request is being sought.

Committees of Jersey's and Guernsey's States (their parliament and government) are mulling over this question. Such joint action has not always been the rule in the past, rivalry being traditional. (They refer to each other as "anes" (asses) and "crapeauds" (toads) respectively.)

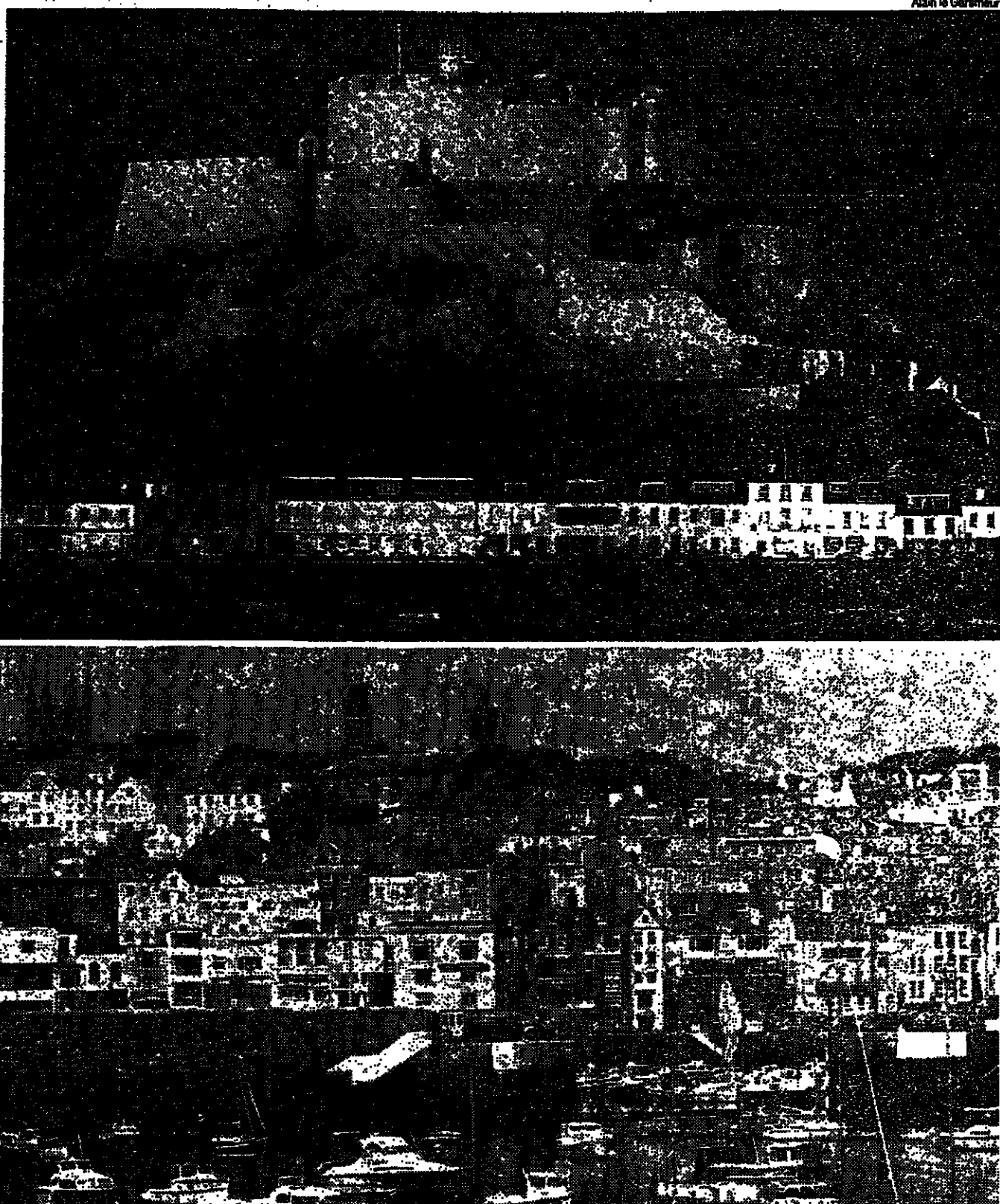
The balancing acts required to keep the Channel Islands show on the road are manifold. One is that, though they seek prosperity, they are already the victims of their past success in the sense that their populations are straining the physical resources of the islands. This explains why both islands have introduced legislation to make it harder for the wealthy to become tax exile residents.

In Jersey the situation has resulted in every single house lease or purchase and the establishment or enlargement of any business being subject to individual scrutiny by the authorities.

So if you want to become a tax exile, forget Jersey unless you can satisfy a means test that you have well over a million pounds.

The horticulture sector presents the islands with another dilemma. Once the mainstay, it is now supported by the taxpayer and that support is frequently the subject of hot debate by the politicians, who sit as independents and are generally conservative. There is general acceptance that some support is desirable because if the sector died, the traditional way of life would be irreparably damaged.

But the need for the islands' virtue of adaptability is also recognised. As low Dutch fuel costs make life more difficult for Guernsey greenhouse tomato growers, they have been increasingly turning to flowers and exotic fruit.



Beauty round the clock: St Helier with its dominating castle by night (top) and St Peter Port by day

A flurry over money markets

Nowhere is the need to balance rival requirements clearer than in the Channel Islands' prosperous financial industry where the valuable asset of confidentiality competes with the need for respectability, probity and supervision.

US allegations that mafia or other money from organized crime was finding its way to the Channel Islands have raised the issue recently and though the industry is not threatened, some of its leaders are concerned.

The Channel Islands' financial industry, which is now highly diverse with clearers, trusts, merchant banks, offshore funds, and portfolio managers all operating in a well-developed financial environment which includes the representatives of most of the larger accounting firms, has prospered because of the islands' favourable tax laws and political stability.

Even before the recent flurry when the US authorities officially informed the British Government of their suspicions, some people in the islands had expressed concern.

In March Mr Alan Barber, general manager of Lloyds Bank International in Guernsey, a former president of the local Institute of Bankers and recently elected to the States (parliament), repeated his calls for controls and laws over the local finance industry to help protect its growing reputation as an international centre.

"The need is now pressing for we have outgrown our infancy and we are a ripe target for those who would abuse the services we offer", Mr Barber said.

The success of the US authorities in infiltrating organized crime in the Caribbean "makes it certain that their more unsavoury clients will look in the direction of Guernsey."

Mr Barber added: "You will notice the corollary between

crime and secrecy and therein lies our dilemma."

In Jersey there had been similar unease with the States committee president responsible for the police, Senator John Ellis, pressing his fellow committee presidents (who in the Channel Islands are the equivalent of ministers) to give the police greater powers to solve the problem.

Such is the sophistication of money launderers that most bankers will admit that, wherever they operate, it is in the last resort impossible to be absolutely sure that deposits have been legitimately acquired, no matter what checks and references are taken up. And the likelihood that there is more "dirty" money lodged in the Channel Islands than in, say, London is unlikely.

Firms take share of insurance risks

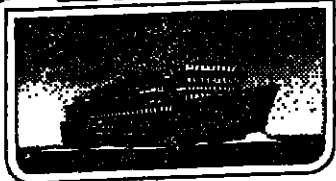
As in most other sectors, Jersey's share of the financial business is greater than Guernsey's, though to a limited extent they have their specialties. In Guernsey's case this is the establishment of "captive insurance" companies which Jersey's laws did not allow.

Captive insurance consists of a company - usually a large concern with substantial assets - electing to take the risk of a proportion of its own insurance needs. Instead of paying all the premiums to outside insurers it places a proportion with its own captive insurance company, which then operates like an ordinary insurance company (which hopes that the investment premiums will generate more money than it has to pay out in claims).

Another important sector on both islands is the management of the affairs of expatriates with Barclays (Jersey) for example, introducing a comprehensive service to handle the complete financial needs of somebody going to work abroad.



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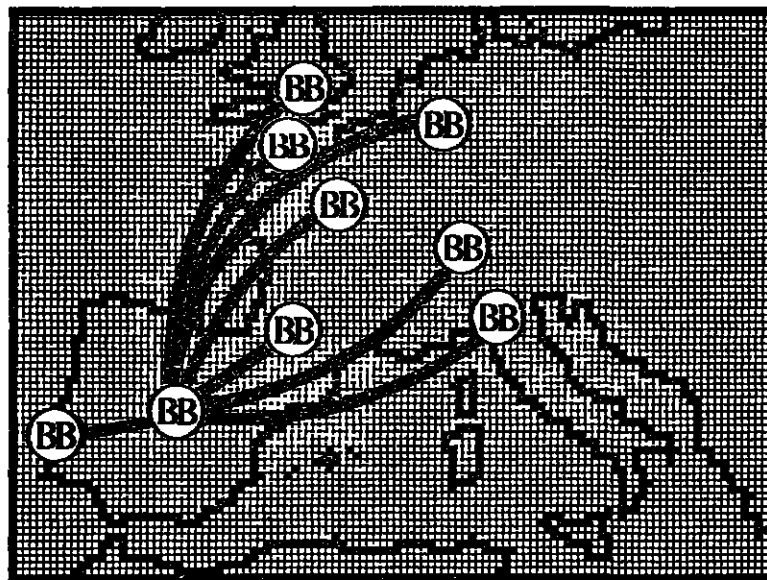
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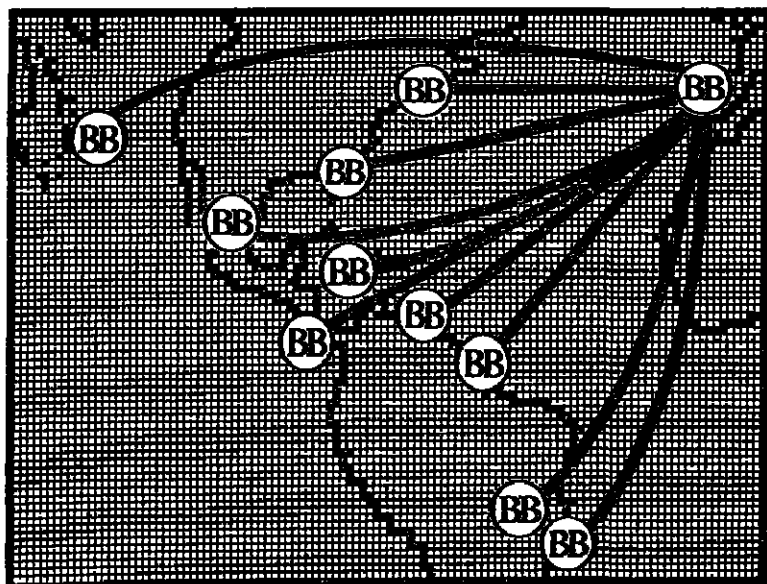
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THE CHANNEL ISLANDS/2

SPECIAL REPORT

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Holidays that bring in the famous and the fortunes

Yet another of those sleek executive aircraft, which are a constant feature of Channel Island aviation, landed at Guernsey airport a couple of months ago. When the doors opened, out stepped not a senior banker, an offshore fund manager, a financial mogul, or a local tax exile millionaire - but a tourist.

Like many on a day's outing he had not announced that he was coming over with a few friends, and this caused quite a stir in official Guernsey circles, because the flustered airport authorities quickly recognized the day-tripper as Francois Mitterrand, and none of the island's dignitaries was on hand to welcome the President of the French Republic.

M Mitterrand had come over

to see the house in Guernsey's attractive capital, St Peter Port, where from 1855 to 1870 his famous fellow countryman, Victor Hugo, had lived in exile.

The French writer's house is a popular tourist attraction, beautifully maintained with many of his personal belongings and furniture on view. The home is now owned by the City of Paris, and not to be outdone, Jacques Chirac, the city's mayor and a national opposition leader who will probably seek to wrest the French presidency from M Mitterrand at the next election, will visit Guernsey this month to mark the centenary of Hugo's death.

M Chirac, however, will be on an official visit and will not merely be an addition to the Channel Islands' closely watched tourism statistics.

These are healthy, and on all the islands the industry is a key element in prosperity. In Jersey, for example, the most recent statistics showed tourism as the largest single contributor to gross domestic product, even more important than the total contribution made by financial services (38 per cent and 29 per cent of the total respectively).

Laws put ceiling on growth of tourism

It is a similar story in Guernsey, Michael Walden, the director of tourism, explained: "It is the biggest employer of labour and the biggest multiplier component of the economy."

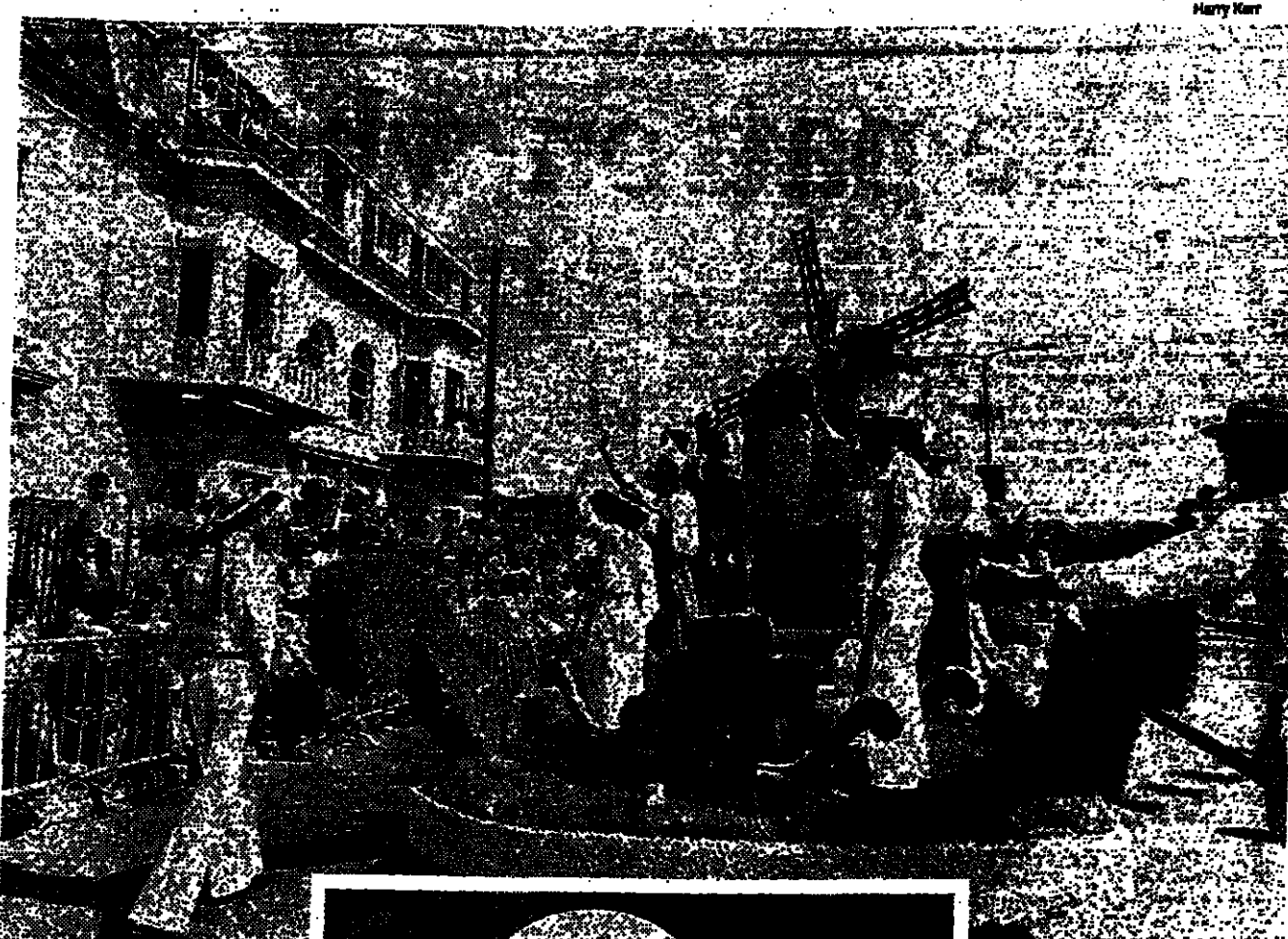
Only after the Second World War did it get away from being a cottage industry. It has developed despite local opposition. The islanders hate

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"tourism" but they like "visitors."

Mr Walden added that the recent success of the finance industry had depended on the contribution made by tourism because the infrastructure built up to handle it was "a precondition for the development of the finance industry".

It may sound a contradiction but in Guernsey and Jersey tourism is both promoted and constrained by the authorities. Both islands have officials paid to develop the industry, and both governments have passed laws, not only to control the sector (accommodation grading systems and the like) but also to put a ceiling on its growth.

Guernsey policy is that there should be no more than 15,000 beds for visitors and the current accommodation total is around 12,500. Jersey has already hit its 25,000-bed ceiling.

In both cases the laws have the two-fold aim of preventing uncontrolled expansion destroying the islands' attractiveness to the tourist, thereby killing the goose which lays the golden egg, and at the same time not allowing the tourism industry to make life intolerable for the islanders themselves.

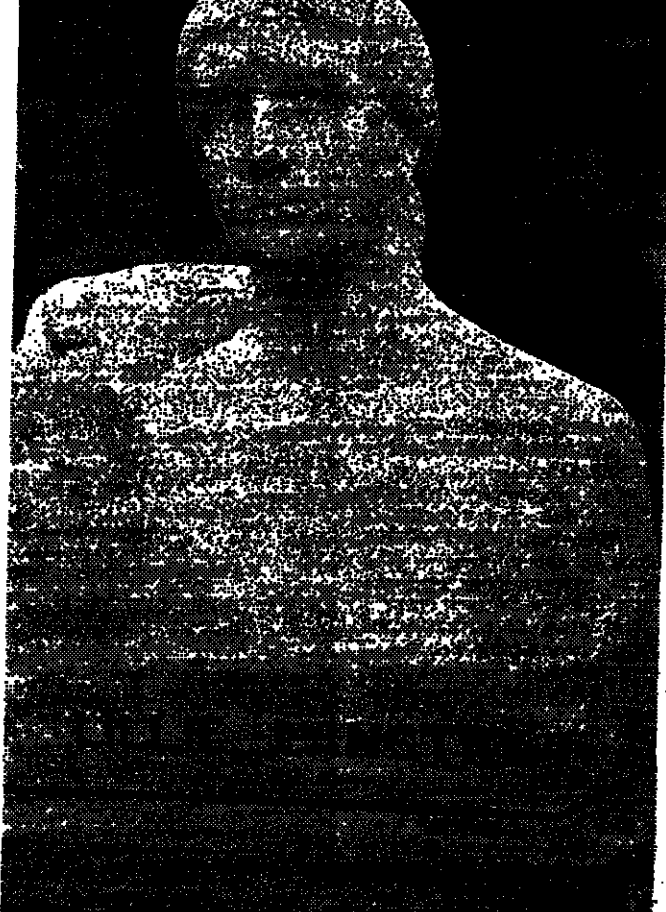
Mr Walden explained that the first legal restrictions in Guernsey were provoked soon after the last war by a proposal by Bultin to build a holiday camp.

Recent surveys have shown that around half the tourists visiting the Channel Islands have been there before, and this is a rate of "returns" that most resorts would envy.

However, recent statistics have revealed another trend, which is worrying for the future, though it is partly due to the success of attracting people back for the second and subsequent holidays - the average visitor is getting steadily older.

To counter this Stuart Abraham, of Jersey Tourism, said the island was encouraging the provision of more facilities for "active holidays", involving windsurfing, walking, horse-riding and other active outdoor pursuits.

In Jersey about 80 per cent of visitors are British. The figure is around 90 per cent in Guernsey. Recent Jersey figures show that 59 per cent of British tourists are now in the 45-plus age



The Battle of the Flowers (top) is one of Jersey's big tourist draws, while many visitors still stare at the memorial to Lillie Langtry, Edward VII's famous friend, known as the Jersey Lillie who lived on the island

group. In 1977 the figure was less than 50 per cent.

In Jersey 13 per cent are French, and they are younger, so that both for this reason and for the sake of diversification the islands are hoping for more French visitors.

Like being abroad but being in England

This year gives the opportunity for expansion in this direction because of increased ferry services to the French mainland, in particular, a service operated by Sealink to Cherbourg.

For all the islands it is a highly seasonal industry with July to September as the peak. This year could break all

claims of the marketers, interviews with tourists and my own impressions - I have been there three times, though only once for a holiday and that was 30 years ago - certain points emerge.

One of the Channel Islands' attractions is a contradiction. Being there is like being abroad, while it is also like being in England.

The weather is warmer and sunnier but not uncomfortably so. The people speak English but they also have their own language, a type of old Norman French. They issue their own bank notes and coins but there are no problems with money as they work on a pounds and pence system with exactly the same values as in the UK, and UK money also circulates.

St Helier and St Peter Port are like middle-sized British towns, with familiar landmarks such as Boots and Barclays, but then again they are not. They are much cleaner and better kept, particularly St Peter Port, than most similar mainland towns. There are also excellent restaurants, with the middling price range ones in particular offering much better value for money.

There is no VAT, so items such as drinks, tobacco, watches and perfumes are much cheaper. Both islands have good beaches and enjoy low crime rates, though in other ways they differ.

Jersey is more cosmopolitan and addicted to nightlife than Guernsey and in general has a slightly more raucous atmosphere. Guernsey's last cinema closed recently, while Jersey still has three.

Guernsey's capital is a more beautiful town than St Helier, though Jersey is bigger and its countryside more attractive. Guernsey has the advantage of being closer to the smaller islands, Alderney, Sark and Herm, and is better provided with self-catering facilities.

For the future there appears to be a general policy throughout the Channel Islands to move tourism slightly more up-market, both to meet the growing demands of the average holiday maker, and to take maximum economic advantage of resources, which in physical terms are strictly limited.

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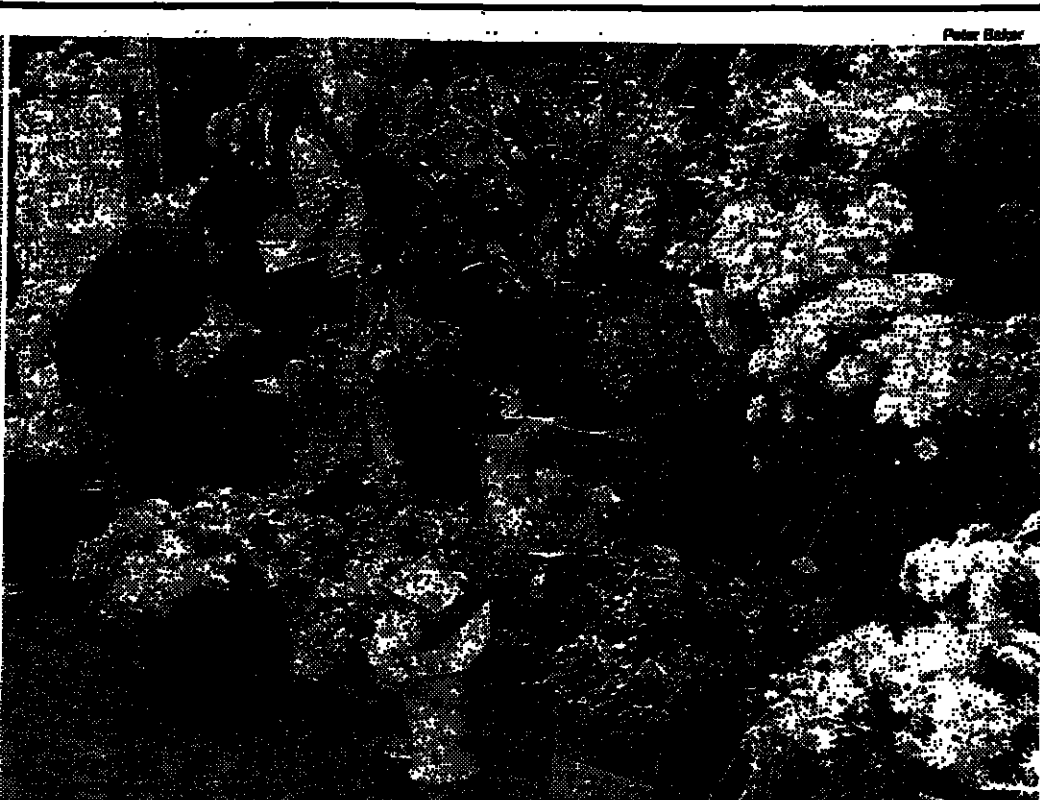
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SPECIAL REPORT

THE CHANNEL ISLANDS/3



Fish, flowers and fruit crabs on sale in St Peter Port fishmarket (left); St Helier market in full bloom and tomatoes being loaded for export (below right) on the St Peter Port dockside



Conference business fillip in the shoulder months

The Channel Islands' economic success over the centuries has largely been built on the islanders' ability to seize new opportunities, whether these have presented themselves as demand for high-quality knitwear, privateering, horticulture or off-shore financial services.

In developing tourism the story is the same. With accommodation at bursting point during the late summer, the Guernsey and Jersey authorities have been seeking to extend the season into the "shoulder months" of spring and autumn. A modern trend has come to their aid - the high season for conferences which is outside the summer holiday season.

Both islands largely depend on the British market for such events and though it is a highly competitive market, they are doing well.

David de Carteret, Jersey's conference director, says he expects that over the next two years conference business will grow about 25 per cent from its present level of around 200 events a year, which range from conferences organized by the Glass and Glazing Federation to the British Rail Staff Association.

ISLAND FACTS

Population: Jersey 77,000 Guernsey 55,000
Area: Jersey 45 sq miles Guernsey 24 sq miles
Government Finance: Both islands have negligible public debt and regularly run budget surpluses. Total 1985 revenues are estimated at Jersey £24m, Guernsey £72m.
Income tax (after personal allowances) is levied at a flat rate of 20p in the £. VAT is not levied on any of the islands.
Offshore companies pay a fixed corporation tax of £300 per annum. Exports: The small industrial export sector (which Guernsey in particular is trying to encourage) includes: Traditional knitwear, boat building and fitting, electronic products assembly, and crafts.
Agriculture/Horticulture: Most important exports are new potatoes, tomatoes, and flowers which are almost all sold in Britain.

About 15 per cent of Jersey's business already comes from outside Britain, mainly from France. Mr de Carteret said that although Jersey could handle a conference of up to 2,000 people, most were geared to between 75 and 150 delegates. Jersey's official and pri-

vately-backed Conference Bureau was formed less than two years ago, while the States of Guernsey Conference Bureau has been in business since 1977, when the States (government) built Beau Sejour, a conference complex. After a further investment of £750,000 in 1983, the complex can now banquet up to 1,000 people.

The success of Guernsey in this specialized business was recently marked by its competitors, when the British Association of Conference Towns held its spring convention on the island.

As with general tourism, both islands benefit from their odd "at home and abroad" atmosphere. Mr de Carteret pointed to a psychological advantage they had exploited in what is known as the "incentive" sector of the market (a company's successful salesmen shipped off for a few days conference, designed as both business and reward).

Events like these can cause acute envy among a firm's other staff if the delegates are walled off to somewhere really exotic such as the Caribbean, whereas the Channel Islands are increasingly seen as a happy medium.

French grid project ends age of oil dependency

The Channel Islands' links with Britain, because of their history, are much stronger than their ties to France. But sometimes geography has the last word.

In the next few weeks Jersey will start drawing electricity from France after completion of one of the island's most important single investment projects in recent years - the laying of a 27km submarine cable from the French coast to St Helier. This will enable Jersey to draw electric power at a maximum rate of 47 megawatts from the French electricity grid.

The importance Jersey attaches to the project, now complete and under test, can be seen from the total capital cost of £12.7m, which is equivalent to about 13.5 per cent of the island's government revenue this year.

About half the cost was for the undersea cable manufacture and laying, contracts for both of which were won by Cables de Lyons, while contracts for the land cable and other installations were awarded to Pirelli General, of Southampton, and NE Industries, of Newcastle upon Tyne.

The Jersey Electricity Company is a public limited company, 53 per cent of whose

shares are owned by the States - the government. The States' control is further strengthened by the share structure which ensures overwhelming majority voting rights.

However, because of its company status, it is expected to run on commercial lines and actually does so; in recent years running surpluses of around £2m per year.

Cable buried to avoid strong tides

The project has been financed by a mixture of drawing on reserves, using cash flow and bank borrowing from well known names such as Rothschild, Standard Chartered and Royal Trust.

Jersey Electricity's managing director, Richard Wade, said the new link and its accompanying contract with Electricité de France was "financially viable" though the decision to diversify away from oil-powered electricity generation was a strategic one and had been taken by the States.

Mr Wade said 98 per cent of the island's energy requirements were met by oil, half of which was accounted for by electricity generation.

The Channel Islands' extreme dependence on oil and the sensitivity of their economies to the violent price fluctuations of the world market are a matter of great concern to the authorities of Jersey and Guernsey. Both islands were also very concerned by the implications of the British coal strike.

Jersey's tie-up with French electricity supplies is enshrined in a 15-year contract, with a 15-year renewal option. It will not mean any diminution of the island's own electricity generation capacity, partly because submarine cables by their very nature are vulnerable to accidents caused by ships dragging their anchors and other similar hazards.

The cable's capacity enables it to service roughly half the peak demand, although, oddly enough, French electricity will be drawn on mainly during the summer, which for Jersey is the season of low demand.

The reason is that because Jersey Electricity opted to become a consumer subject to the many different tariffs in force in France, it makes more sense to draw on French electricity in the cheaper, summer months. As a result, 90 per cent of Jersey's electricity will be supplied from France in



the summer, while in the rest of the year local generation will account for about 80 per cent.

Jersey's link with the French grid presented technical challenges. The cable itself is six in diameter with two sets of steel protection bindings as well as other water proofing and insulation layers and it is oil-filled for temperature control and insulation.

It lies on the sea-bed for most of its length but is buried for about 1.5 kms off the Jersey and French coasts, where it is most vulnerable to accidents and the effects of the very strong tides, which in this part of the Atlantic can be more than 30ft.

Both the French and Jersey authorities have in addition

declared 300-metre maritime "safety zones" around the cable to minimize the risk of ship damage to the link, which will inevitably be expensive to repair.

Jersey's concern for its rural areas can be seen in the building which houses the transformers, switching and other equipment where the line comes ashore. No wires or cables are to be seen and anything less like a major electric power installation is hard to imagine.

With stone-faced walls and an upper storey sloping slightly back from the vertical to meet a gently gabled roof it looks more like a rustic barn designed for the winter shelter of a herd of those famous Jersey cows.

All systems go for the business links

The modern finance industry is becoming almost as dependent on good communications as it has been in the past on money and good judgment.

Because of the financial information services available, whose success is reporting a given price movement or event is now measured in seconds rather than minutes, no financial centre today can hope to prosper without top-class telecommunications.

Judging from the range of services available and, more importantly, the comments of their financial clients, the Guernsey and Jersey telecommunications authorities have responded well to the challenge. Bankers and investment managers speak of good service

and maintenance coupled with reasonable charges.

The island's two separate telecommunications authorities, wholly owned by their respective States, are autonomous bodies, expected to operate along commercial lines and make a profit, which they do.

Years ago, communications with the outside world frequently broke down because of the fragility of submarine cables to England, which could be damaged by ships or tides. Today three separate cables form the basis of the international system owned jointly by the islands and British Telecom, although a radio link via Alderney and the Isle of Wight is kept on "hot standby" as a back-up.

Even in the unlikely event of all three cables being cut, reasonable communications could be maintained.

In addition, Jersey recently established a 120-channel radio link with the French mainland to further diversify its resources. Jersey has contracted with GEC and Guernsey with Plessey to start installing the British System X exchange system.

Links with British Telecom are strong, with Alex Forty and Tom Aytton, the respective directors of Guernsey's and Jersey's telecommunications, both former British Telecom men.

Apart from the telephone systems, which include full international subscriber trunk dialling services, a host of other facilities are available including

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In Guernsey this autumn, work starts on linking the island's exchanges by an optical fibre system.

The commercial importance of the finance industry is obvious from a visit to the Guernsey Telecoms headquarters. Apart from a showroom offering everything from a standard telephone to one with an elaborate memory, a special room is set aside for the business customer, from which a complete "electronic office" can be ordered.

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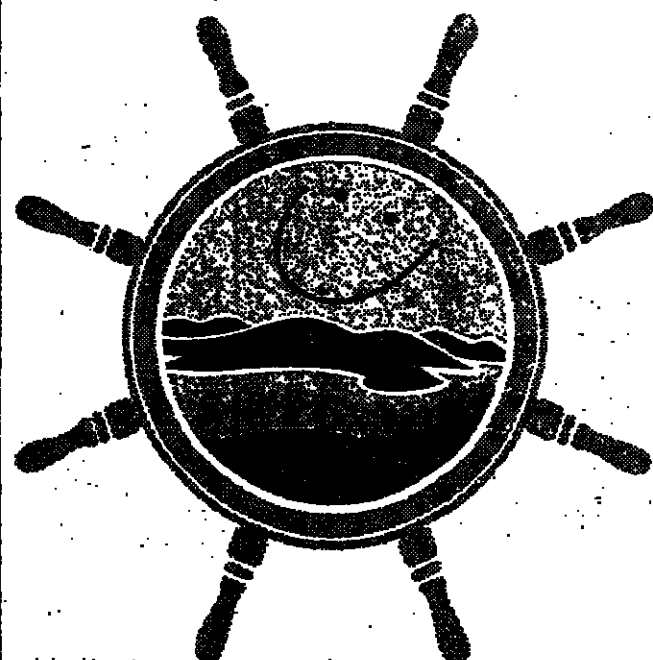
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1985	1984	Company	Price	Change	%	P/E

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1985	1984	Company	Price	Change	%	P/E

1985 High	1985 Low	Company	Price	Change	%	P/E
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1985	1984	Company	Price	Change	%	P/E

STOCK EXCHANGE PRICES

Equities remain Buoyant

ACCOUNT DAYS: Dealings Began, April 29. Dealings End, May 10. Contango Day, May 13. Settlement Day, May 20.
Forward bargains are permitted on two previous days.

1985 High	1985 Low	Company	Price	Change	%	P/E
1985	1984	Company	Price	Change	%	P/E

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THE TIMES Portfolio

DAILY DIVIDEND
£2,000

Claims required for
+46 points
Claimants should ring 0254-53272

1985 High	1985 Low	Company	Price	Change	%	P/E
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SHOES AND LEATHER						
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375	375	Center South	215	0	0.0	4.9
375	375	Heathcote Inc.	215	+12	5.6	4.9
375	375	Heathcote Inc.	215	0	0.0	4.9
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FINANCE AND INDUSTRY

Executive Editor Kenneth Fleet

Bae share terms look better all the time

It is a tribute to the success of last autumn's British Telecom flotation that everyone involved in this week's £550 million British Aerospace offer - the prospectus for which appears on pages 25-28 - should feel obliged to preface their remarks about it by saying "this is not another BT".

Nor is it, in the sense that investors who put up money for British Aerospace shares on May 10 will not enjoy the same kind of dramatic short term capital appreciation which the 2 1/2 million subscribers to the Telecom issue have enjoyed since November.

The two companies are very different animals, and the fact that the British Aerospace offering is a secondary rather than a primary offering, albeit an unusual one in which the sale of the Government's remaining 48 per cent holding is being combined with what is effectively a £180 million rights issue by the company, means that the shares already command a market value and have been thoroughly researched by the City community.

The initial market reaction when the terms of the offer were first announced on Wednesday morning was that the Government had gone for an overly keen price that might jeopardize the success of the issue. The offer price of 375p a share represented a discount of slightly over 3

balance on September 10), coupled with the fact that investors are getting them free of stamp and commission, makes the terms more valuable than they look - to the tune of 3 per cent, or 13p, on the issue price. With the deliberate trailing of the offer for weeks in advance and some drifting in the price as a result, the market was not giving a totally fair picture of the underlying demand for British Aerospace stock.

The Government and its advisers have not taken any chances. By agreeing to place 55 per cent of the issue firm with the underwriters (in return, the lucky institutions get another 0.25 per cent commission on top of their normal sub-underwriting commission), Mr Tebbit has been persuaded to take out some insurance against the political and market risk of the issue flopping, as happened with Britoil and Enterprise Oil. If the issue does go well, the fact that such a sizeable part has been committed in advance can only help to generate shortage of stock for the rest of the issue - the very ploy that helped to make the Telecom price fly.

These are short term considerations. British Aerospace's chairman Sir Austin Pearce and his supporting cast in the pre-sale promotional roadshow have been keen - almost to the point of overkill - to stress that British Aerospace shares need to be seen as a long-term investment, not as a short-term punt. (Anyone who has had any experience of the textual agonising that goes on over every sentence in a prospectus will do well not to ignore the warning that "the board considers it prudent to be cautious about the short term profit outlook for the company").

While its military aircraft and missiles continue to generate impressive profits, British Aerospace's civil aircraft division holds the key to near term performance. The Pundits agree that the market for civil aircraft will pick up sharply in the second half of the 1980s, but the potential for profitable growth is still some way from being realized. On the military side, there is some concern at how British Aerospace will fill the gap in production when the lucrative Tornado business falls away around 1990. That said, the shares - on a historic and prospective p/e of little over six - have the potential to perform very well in the next two or three years.

How the offer breaks down		
	Shares	Amount
1. Placed with institutions	80.76m	£302.85m
2. BAE employees	5.0m	£18.75m
3. BAE, non-HMG, shareholders	25.8m	£96.75m
4. The public - minimum	35.29m	£132.34m
		£550.69m

*Subject to increase from shares not taken up from (2) and (3) above

per cent of the prevailing market price of 395p. By yesterday, second thoughts had set in, and though the shares in the market closed last night at 393p, the common view was that, barring the normal hazards of a sudden turn in market sentiment, the issue should go well enough.

This is right. The fact that the shares are being offered partly paid (£2 down and the

The shadow boxes clever

Lord Matthews and Ian Irvine, respectively the chairman and managing director of Fleet Holdings, are spoiling for a fight. The only problem is that their opponent, David Stevens of United Newspapers, is not yet ready to climb into the ring with them. So yesterday they opted for a few rounds of shadow boxing just to get in the mood for the real bout.

United, which owns *Punch* magazine, *Exchange & Mart*, the *Yorkshire Post* and a string of other provincial newspapers, has triggered an investigation by the Monopolies and Mergers Commission into whether it should be allowed to take over Fleet, owner of the *Daily Express* and *Sunday Express*, the *Daily Star*, a growing provincial newspaper chain and the *Morgan-Grampian* magazine stable. What has irked Fleet is that United has provoked a time-consuming inquiry without actually putting a formal bid on the table. Under the law, it is enough for a credible body to ask the Secretary of State for Trade and Industry for the necessary clearance. A Monopolies Commission reference is then automatic.

Normally in such circumstances, a bid target has clear terms and a stated set of arguments to hit back at. The value of a bidder's paper and the merit of his case can be criticized. As it is, Lord Matthews and Mr Irvine are left punching at air. They have sent a three-page letter to their shareholders which largely concludes that "there appears to be no merit in the approach from United".

Apart from some satisfaction at having

got the message off their chest, it is hard to see how they have served their shareholders by this letter. It rehearses Fleet's excellent growth record since becoming an independent company three years ago, and reminds the world that its holding in Reuters, the news and financial information agency, is worth 154p. The Fleet share price is 293p. As for United, Lord Matthews says that it "now has to prove that it has the management skills to match the acquisition ambitions which have characterized the group in the recent past". In effect, Mr Stevens has had a preview of Fleet's principal lines of defence without having to give anything in return - a rare tactical achievement.

It is true that United, which already has a 20 per cent stake in Fleet, still has much to do to convince the other shareholders that they should accept an offer. But there is time enough for that when the MMC has pronounced. Mr Irvine admitted yesterday that he would probably have adopted United's stance had he been in Mr Stevens' shoes. He also conceded that there might be a price at which the Fleet board would have to recommend acceptance of a bid, from United or anyone else.

Though Mr Irvine was not so foolish as to name an asking price, he was content to distribute extracts from a recent circular on Fleet by the stockbroker Grieson Grant, which argues that, broken up, the group is worth 428p per share. On a going concern basis, however, the figure is 328p. The killing ground almost certainly lies somewhere between the two.

MEPC to sell Dallas site

By Judith Huntley
MEPC, Britain's second largest property company, is about to sign a deal selling its 92-acre business park site at 92-acre business park site at Dallas, Texas, next to Texas Stadium, to the Belgium American Investment and Trade Company for an unknown sum. Belgian American is a Belgian company which advises investors on US property and development. It is undertaking a huge development in the Farmer's Market area of Dallas which will have 10 million sq ft of offices, 500,000 sq ft of retailing space and 1,500 hotel rooms with the same number of homes. Mr Max Creasey, a director of MEPC, confirmed that a deal was in the offing but would not say how much was being paid. MEPC said it intended selling Texas Plaza because of the overdeveloped state of the Dallas market. Half the Texas Plaza site was owned by the American Murchison family which could not continue its commitment to the scheme because of financial troubles. MEPC acquired the family's half share and is now planning to sell the whole site.

Maxwell sells paper

British Printing and Communication Corporation, whose chairman is Mr Robert Maxwell, has sold its weekly publication *Financial Weekly* to Penquik for an undisclosed sum. *Financial Weekly* and 49 per cent owned by the

MARKET SUMMARY

STOCK MARKETS	
FT Ind Ord	889.9 (+11.5)
FT-A All Share	N/A
FT Govt Securities	81.08 (-0.05)
FT-SE 100	1309.7 (+7.6)
Bangkok	25.62
Dataseam USM	113.19 (+0.73)
New York	
Dow Jones	1243.37 (+1.33)
Tokyo	
Nikkei Dow	12,451.79 (+4.86)
Hong Kong	
Hang Seng	1,518.21 (-0.52)
Amsterdam	210.3 (-0.7)
Sydney	863.3 (-10.6)
Frankfurt	
Commerzbank	1218.1 (-13.0)
Brussels	
General	210.01 (-9.53)
Paris: CAC	214.6 (-0.6)
Zurich	
SKA General	347.40 (+1.60)
GOLD	
London fixing	\$314.25pm-\$313.25
close	\$314.00-\$314.50 (257.25-257.75) New York
Comex	\$314.35
MAIN PRICE CHANGES	
RISES:	
Security Can.	120 +25
Greenall Whitley "A"	50 +10
Newman Inds.	8 +1
Sio-Isolates	33 +5
Forward Tech.	34 +8
Goodman Bros.	14 +2
Select TV	14 +2
Arian Elec.	63 +8
Newbold & Burton	98 +12
Intervention Vtd.	8 +1
Ed Wire	145 +4
U. Midland All. Pr.	200 +20
Halwood Grp.	130 +11
Firstland Oil	205 +15
FALLS:	
Nimble Int.	28 -6
Esmond Hlgs.	10 -1 1/2
Yellix	11 -1
Centraway Tr.	55 -5
Bula Res.	11 -1
Stoddard Ord.	12 -1
Yalverton Inv.	28 -2
Coin Industries	40 -3
Halwood Grp.	130 -11
Inchcape	400 -25

E F Hutton fined \$2m for US mail and wire fraud

From Michael Graham, New York

The US securities giant E. F. Hutton, pleaded guilty yesterday to 2,000 counts of fraud and was fined the maximum \$2 million (£1.6 million) by a federal court in Scranton, Pennsylvania.

A spokesman for the Justice Department in Washington said Hutton had to answer charges of mail and wire fraud and the company worked out a plea agreement which they immediately entered.

The Justice Department said the fraud was committed between July, 1980 and February, 1982 and involved "kiting chips" a process where paper money was transferred between various banks where Hutton held accounts.

A cheque would be drawn on bank "A" and a deposit into Bank "A". The Justice Department spokesman said, "but in reality, the money was not there."

A spokesman said more than a billion was drawn over the

period, and the daily overdrafts were running as high as \$250 million.

Hutton was ordered to pay the costs of the Justice Department investigation, estimated at \$750,000.

The Attorney General Edwin Meese III, said: "The case bears out the concern we have for economic crime generally."

The practices gave Hutton the interest-free use of millions of dollars according to the Department of Justice, which said that the company persistently and intentionally wrote cheques against deposits before the cheques creating those deposits had been cleared.

In a statement yesterday Hutton said that the practice may have harmed some of the 400 odd commercial banks with which it had chequing accounts and it would be making "full restitution."

Hutton had earlier requested trading in its stock on the New York Stock Exchange to be

delayed pending the announcement. The previous day Hutton's stock had closed \$1 1/4 down at \$32 1/2.

The suspension of its stock revived fears about the health of the US financial system and led to speculation which later proved wide of the mark that the company was about to unveil sizable losses.

On the foreign exchange markets the dollar fell sharply in mid-afternoon from its day's high of DM3.1780 against the mark to DM3.1586 in reaction to the spate of rumours which swept the markets. But it soon recovered some of the lost ground.

The dollar finally closed in London up 2 1/2 pence against the mark at DM3.1675 and was trading above DM3.17 around midday in New York.

Its resilience was due to increasing optimism about the strength of the US economy, partly prompted by Wednes-

day's comments from Mr Paul Volcker, chairman of the Federal Reserve Board, that he still expects the economy to grow by 3 to 4 per cent this year.

The pound weathered yesterday's rise in the dollar, closing 18 points lower at \$1.2212 but higher against continental currencies. The sterling index, down half a point at one stage during the day, closed unchanged at 77.7.

Yesterday's statement from E. F. Hutton said that the company was pleading guilty to violations of the mail and wire fraud laws and it had agreed to pay a criminal fine of \$2 million.

Mr Robert Fomon, chairman and chief executive, said: "The practices to which the company has pleaded guilty represented violations of our policy and procedures."

Hutton said that the practices were stopped in early 1982 after they came to the attention of senior management.

BNOC to pay \$1 over spot

By David Young
Energy Correspondent

The British National Oil Corporation has raised the price it will pay for North Sea oil this month by 40 cents to \$27.90.

The new price offered to suppliers is more than a dollar higher than present spot market rates for North Sea oil in advance for \$27.90.

BNOC sold its May oil during April when daily spot prices were higher and by offering to suppliers a new price for this month's oil - 1.3 million barrels in total - it is balancing its revenues.

By operating on a month-to-month basis at spot market-related rates, BNOC is effectively a month behind the free market rates. It is, therefore, likely that the June price offered will be around \$26.85.

BNOC is to be wound up in the autumn and replaced by the Oil and Pipeline Agency, which will operate within the Department of Energy and handle the sale of government royalty oil and control the North Sea pipeline network. The Bill to set up the organization and dismantle BNOC was placed before Parliament yesterday.

The oil companies are expected to accept the new BNOC price structure, although some had expected a rise to \$28 for Brent, the North Sea marker crude.

However, the new price is unlikely to slow the pace of companies leaving BNOC to concentrate on disposing of their North Sea crude elsewhere.

Inchcape motor profits rise by 400%

By Ian Griffiths

A 400 per cent increase in profits from Inchcape's motor division helped the international trading group to boost pre-tax profits in 1984 to £78.9 million up from £53 million.

The motor profits rose to £30.6 million helped by an increase in car sales to China. Inchcape acts as Toyota agent in several countries including Hong Kong where the liberalization of trading with China led to an upsurge in demand for the Sir David Orr, the chairman, said the level of trading between the group and China increased by more than 25 per cent to \$100 million (£83 million) in the year.

Inchcape is hoping to expand its business in China. Negotiations are at an advanced stage to assist the Chinese in port management and the company is also acting as a local consultant for several companies including Unilever, and Short Brothers.

Inchcape is also considering the sale of its head office in the City although a final decision will depend on whether planning permission can be obtained.

A final dividend of 11p makes an unchanged 18.15p for the year.

Tempos, page 23

Names on Beckett syndicate face record losses of £60m

By Alison Eadie

Lloyd's names on syndicates run by Richard Beckett Underwriting Agencies face net losses of £60 million, a record loss for names at Lloyd's.

Names on the syndicates include Viscount Portman, McAdnan Kashoggi, the Duchess of Marlborough and the Duchess of Kent. The losses cover the underwriting years 1979 to 1982 and result largely from the extreme deterioration of American liability business, particularly product liability, pollution, medical malpractice and personal injury.

Other syndicates at Lloyd's have also been badly affected. Merrett Syndicates last month reported losses of nearly £23 million for the 1982 year of account.

The £60 million loss means that a name with a £10,000 share on the worst affected syndicate - non-marine 918 - will have to pay £51,800 in cash to the agency by June 30. Losses for 1979 to 1982 could yet rise, because the accounts have not been closed off with reinsurers.

The compensation was to reimburse names for money



Viscount Portman



The Duchess of Kent

rans, and further "substantial" losses are looming in 1983 and 1984.

The total 1,500 affected names are the same ones who last year received a £39 million compensation offer from Minet Holdings, which owns Beckett, and the American insurance broker, Alexander & Alexander Services.

The compensation was to reimburse names for money

which had been channelled abroad by former executives of PCW Underwriting Agencies, now renamed Richard Beckett, through Alexander Howden. The names have formed a steering committee, under the honorary chairmanship of Lord Goodman, calling for contributions to pay for Price Waterhouse to investigate the syndicates' losses.

Tempos, page 23

D'Oyly Carte death leads to Savoy speculation

By William Kay, City Editor

Dame Bridget D'Oyly Carte, president of the Savoy Hotel group, died yesterday. As she owned 2 per cent of the votes in the company personally, and was joint trustee for another 33 per cent, there was immediate speculation that Dame Bridget's death might have implications for the control of the company.

Trusthouse Forte, the hotels and catering group, speaks for 42 per cent of the votes in the Savoy. Lord Forte, THF's chairman, has made no secret of his long-standing ambition to take over the Savoy, but this has been fiercely resisted by the Savoy board.

Mr Rocco Forte, chief executive of THF, said last night: "I

holding became available, obviously we'd be interested at the right price. We will be keeping an eye on the situation."

However, Dame Bridget's trust shares were held jointly with Sir Hugh Wootton, the former chairman of the Savoy and an implacable opponent of THF. Observers suggested that Sir Hugh would make sure that Dame Bridget's successor as trustee would be sympathetic to that view.

Dame Bridget was the last surviving member of the D'Oyly Carte family. Her father had been chairman of the Savoy. She was 77.

Savoy "A" shares closed at 360p and the "B" shares at 289.50. *Obituary, page 16*

Personal pension sales soar on Budget fears

By Richard Thomson

Pre-Budget fears that Mr Nigel Lawson, the Chancellor, would withdraw some of the tax reliefs available on pensions caused an explosion in personal pension plan sales to continue at a higher level than last year.

The number of such policies sold by life assurance companies in the first quarter of this year quadrupled, the Life Offices Association revealed yesterday. Sales of annual premiums reached £220 million compared with £53 million in the first three months of last year, while unit-linked sales rose from £22 million to £99 million.

In the event the Budget made no changes in pension tax relief following a strong campaign by the life assurance and pension

industries against any alterations. The publicity surrounding the issue has led to a greater public awareness of pensions and life offices now expect personal pension plan sales to continue at a higher level than last year.

Sales of annual premiums, new life assurance and annuity policies, however, dropped by nearly 40 per cent in this year's first quarter compared to last year's. They amounted to only £252 million compared to £405 million.

Overall new annual premiums rose by 3 per cent to £472 million and single premiums rose by 14 per cent to £912 million over the first quarter.

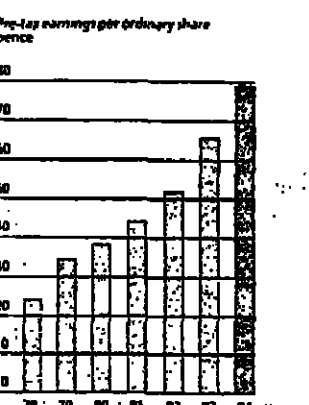
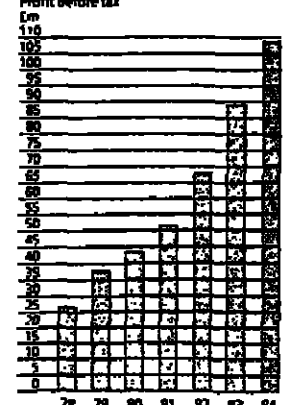
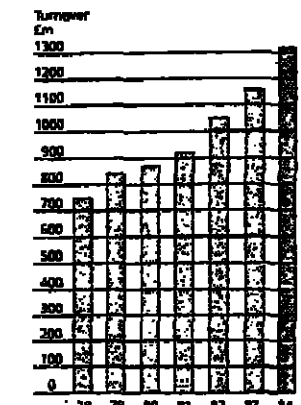
Tarmac profits from strength and growth



The group's Chairman, Mr Eric Pountney, says "I am particularly pleased to be able to report another record year's profits for the Tarmac group, it reflects tremendous credit on the divisional management and indeed, upon all employees of the group that profits have more than doubled in the last three years and quadrupled over the last six. While a significant part of this growth was associated with the heavy acquisition programme of our Quarry Products division, of equal significance has been the organic growth of other divisions, in particular, Housing and Construction."

Eric Pountney
Chairman

Pre-tax profit up by 22% to a record £109.6 million. Turnover up to £1.32 billion. Pre-tax earnings per share pence up 20% to 79.2 pence.



U.K. and International Construction, Quarrying, Road Surfacing, Building Products, House Building, Property Development, Industrial Activities, North Sea Interests.



Copies of the 1984 report and accounts will be available on May 17th from the Secretary, Tarmac PLC, Ettingshall, Wolverhampton WV4 6EP.

Tarmac Group

TEMPUS

Inchcape price fall fails to reflect underlying strength

With about 80 per cent of profits generated overseas, Inchcape is bound to be affected by currency fluctuations. In 1984, with sterling weak, the movements went from 12.7 million against £2.8 million to pre-tax profits. This year it could be different. It was this uncertainty which was at the root of the 25p drop in the share price to 400p.

The truth is that no one is sure what the year-end exchange rates, used by Inchcape for currency translation, will be. Given that the company trades in so many countries that are linked directly or indirectly to the dollar, caution is the watchword for the time being.

According to Hoare Govett's hypothetical "Quoted UK plc" which is based on an analysis of 160 of Britain's leading companies, the impact of currency change this year would have been to reduce 1984 reported profits by 3 per cent. In Inchcape's case this fall might be closer to 10 per cent.

The stock market's reaction will have been a disappointment for the new Inchcape management team, lead with skill, energy and imagination by Sir David Orr. There is no doubt that the substantial changes made through his initiative are already having a favourable impact on performance, although the major benefits might not be felt until 1986.

The 1984 pre-tax profits of £78.9 million up from £53 million were broadly in line with expectations. Operating margins rose from 3.7 per cent to 4.5 per cent but the return on assets is still too low. That return increased from 9.3 per cent to 13.1 per cent in the year but Inchcape will not be satisfied until it is earning an 18 per cent return, which is an indication of the amount of work which is still to be done.

The star performer in the group was the automotive division which increased its profit from £6.2 million to £30.6 million. There was an excellent performance within that from Hongkong, which had something of a windfall from vastly increased sales of Toyota cars to China.

The nature of its operations means that Inchcape will always suffer from being good in parts. However, currency will dictate share price movements in the short term and for that reason the performance may seem dull. Given Inchcape's underlying virtues, weakness in the price should provide buying opportunities.

Minet

Poor old Minet. Every time it tries to bang the drum about how well insurance broking is doing - responsible for 88 per cent of group profits in 1984 - some new horror emerges from its Lloyd's underwriting subsidiary, Richard Beckett Underwriting Agencies.

None the less, the market seems to have taken a sanguine view of the underwriting difficulties, which forced an extraordinary debit of £8.3 million, and listened more to the statement about substantial increased insurance premiums

Europe's young 'will blaze recovery path'

By Graham Searjeant

Europe's frustrated young generation could become the catalyst that will overcome economic stagnation in Europe and set our economies on the dynamic path blazed by the recovery in the United States and the Far East, the conference of the International Federation of Associations of Business Economists was told in London yesterday.

Professor Norbert Walter, scientific director of Kiel Institute, West Germany, said that the products of the baby boom, now aged between 15 and 25, were being excluded from safe jobs in the culturally pessimistic European societies in which those in the system operated a closed-shop mentality.

Those inside the system were more concerned with defensive topics like anti-pollution, anti-technology and work sharing that produced "Euroclerosis", Professor Walter said.

The young will be forced to take care of themselves, to fight hard for a promising job, become self-employed or first

Sweet start to the year for Cadbury Schweppes

By Jeremy Warner

Cadbury Schweppes, the soft drinks and confectionery group, has made a good start to the present year, Sir Adrian Cadbury, the chairman, told shareholders at yesterday's annual meeting in London.

He said: "At this stage group sales are running ahead of the 1984 and useful progress is being made in improving productivity, in strengthening the cash flow and in reducing borrowings."

Brokers cut Reckitt & Colman forecasts

By Derek Pain and Pam Spooner

Reckitt & Colman, the drugs to wine group with worldwide sales of more than £1 billion, is losing favour in the city. Two leading stockbrokers have cut their forecasts in recent days.

James Capel has sliced £9 million from its estimate, and now expects a 1985 pre-tax figure of £116 million to compare with last year's £106.4 million. Mr Dominic Freud, the analyst, is also taking a less optimistic view of 1986, and has cut that forecast from £145 million to £138 million, though his figures still suggest an improved growth rate for next year over 1985.

Australia and South Africa are sources of worry to Mr Freud. He sees a slow down in

John Perkins Meats, which includes Birds Eye, Wall's and Henry Telfer among its customers, is coming to the US this month via an offer for sale by Statnam Duff Stoop, the broker. Sale price is expected to be about 41p putting the shares on approaching 11 times prospective earnings.

growth for Reckitt in Australia and a poor economic outlook in South Africa, plus adverse currency movements which will produce disappointing results in sterling terms.

Latin America is also unlikely to produce growth, given the massive rates of price and wage inflation, and local efforts to impose price controls.

In the US, the Airwick picture also looks gloomy. Reckitt agreed a price of £165 million for the air fresheners company just five months ago, and it now looks as though profit prospects and asset values

for Airwick are not as good as was thought. Reckitt will not have to pay the full £165 million if there is a profit shortfall, but there will be substantial rationalization costs and Mr Freud fears the British management will not achieve the targeted dramatic improvement in Airwick margins.

At Hoare Govett, which cut its profit forecast for the Reckitt group last week, the main worry is adverse currency movements which look like hurting profits from markets outside Europe and the US. Hoare now look for 1985 profits of £120 million - some £7.5 million lower than previous expectations.

Yesterday Reckitt shares slipped back to 508p down 10p on the day.

Equities were again in fine form, helped by this week's cheerful Confederation of British Industry survey and lower interest rates hopes. The problems at E.P. Hutton, the American investment house, made no impression on the market. The FT-SE share index finished at 1,309.1 points, a mere 0.8 points below its best closing level.

The FT 30 share index was up 11.5 points, at 989.9 points - a little below its best level of the day.

International stocks drew some strength from the weaker pound but sterling's lack-lustre display clipped £% from Government stocks.

Thorn EMI was again towed higher by takeover speculation with General Electric Company, RCA of America, the Dutch Philips group and Hanson Trust wheeled out as possible bidders.

The shares were showing a 16p plus at 472p at one time. But they failed to last the pace

and closed only 3p higher at 459p.

Total jumped 5p to 81p as the expectation grew that Vantona Virella is about to launch a takeover bid. The company recently survived a determined assault from Entrad, an Australian group, with more than a little help from J. Rothschild Holdings which, through market buying, built up

Guinness and Sons rose 6p to 253p; Scottish & Newcastle Breweries 2p to 132p and Whitbread 4p to 206p. Greenall, Whitely appreciated 5p to 182p with the infrequently traded, high voting "A" shares jumping 10p to 30p.

Banks continued to respond to the Lloyds Bank £490 million floating rate note. National Westminster surged 28p 637p;

Yorkgreen Investments held at 13p as the company made clear it was not rushing to accept the offer from Talbot and urged shareholders to hold on to their shares.

Priest Marlow continued to reflect the sale of its site in Tonbridge, Kent, gaining 62p to 950p. Carpets International shrugged off a denial that Interface Flooring Systems intends to bid and continued to move ahead. Some market men expect an offer, not from Interface, worth about 85p a share. CI's shares rose 2½p to 75½p.

British Telecom gained 4p to a 147p peak. Boots rose 3p to 178p as a line of one million shares was absorbed.

Oils were mixed. Britoil held at 218p although a bullish circular could be on the way from Goldman Sachs, the American investment house. Britoil men met Goldman's top oil analyst in New York on Wednesday and the market believes Britoil made a favourable impression. There were also reports that the Government intends to announce plans to place its 48 per cent shareholding in the company.

Courtaulds rose 5p to 138p on expectations that it will increase its fibre prices in the wake of Imperial Chemical Industries 7 per cent rise. ICI was up 10p at 747p.

Vague takeover talk returned to Babcock International shares, helping the price 5p higher to 158p. The heavy engineering group produced disappointing results six weeks ago, largely because of the effects on its order book of the miners' strike, and only bid rumour has kept the share price above 150p.

John Brown, shows signs of optimism ahead of its results which are due in July. Investors see little risk on the share price, reckoning that Brown has gone through the worst. The shares rose 2p to 34p.

Among stores shares, Dunhill Holdings continues to advance, rising 12p to 393p, another new high. Dunhill - now regarded as a luxury goods producer rather than a tobacco company - reports figures at the end of this month.

Some market men believe Rothmans, which controls Dunhill, plans to buy 49.4 per cent of the shares it does not already own, but one leading analyst discounts that idea and says Dunhill is looking overpriced.

Shares in Rank Hovis McDougall are on the rise as City analysts look more kindly on the group. Milling and baking operations are doing well and business in the US appears to have improved. Stand by for upgradings of forecasts from stockbrokers. Yesterday RHM shares rose 3p to 154p.

Life insurance shares were again influenced by possible state pension changes and among composites, Commercial Union came in for revived takeover speculation, advancing 3p to 218p.

Mercury Securities, moved up 15p to 428p on expectations that Lloyds Bank could be contemplating a relationship.

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RTZ - a balanced spread of activities



RTZ's interests are in natural resource related industries in the three broad categories of metals, industrial operations, and energy. They include the mining and processing of base and precious metals, iron ore and industrial minerals; metal fabrication, engineering, construction materials and chemicals; coal, oil and gas, and uranium production. These interests are held by subsidiary and related companies which in several cases have large public shareholdings.

The year at a glance

Review of 1984
RTZ Group sales and profits, move with economic activity in the UK, Japan, the USA and mainland countries of the European Community. With diversified interests and efficient mines the RTZ Group performed well despite a somewhat stormy business climate.

Metals
Base and precious metals, with iron ore and steel, produced £247 million of pre-tax profit, of which RTZ's attributable share was £167 million, or 32 per cent of the total.

Industrial
Chemicals, metal fabrication, engineering and construction provided £280 million of pre-tax profit, with £247 million attributable to RTZ or 47 per cent of the total.

Energy
These interests comprise oil, gas, coal, and uranium, and provided £174 million of pre-tax profits - £111 million or 21 per cent attributable to RTZ.

Exploration and Research
Exploration, research and other corporate costs amounted to £131 million of which RTZ's attributable share was £101 million.

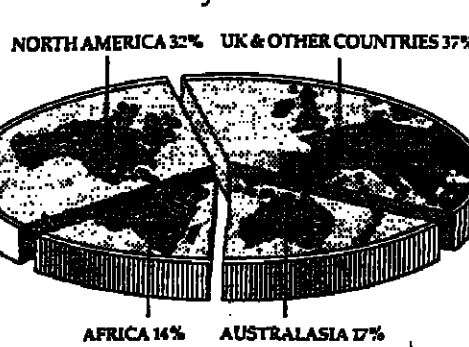
Chairman's Statement

RTZ's profits have continued to improve. Profit before taxation at £670 million was 16 per cent up; net attributable earnings at £211 million were 22 per cent higher. Earnings per share increased by 15 per cent and it is proposed to raise the dividend for the year to 20p per share.

Excellent figures were again produced by the RTZ Borax and RTZ Filler groups; these, together with the translation gain on converting dollar earnings into sterling more than offset the generally weaker base and precious metal prices, largely responsible for a disappointing performance by CRA in Australia. In southern Africa, Palabora and Rössing benefited from the weak rand whilst in Canada, Rio Algom had a much better year. In the UK, RTZ Metals also suffered from a poorer mix of metal prices but higher oil production and sterling prices enabled RTZ Oil and Gas to advance its profits. RTZ Cement, by

	1984 £million	1983 £million
Turnover	5,948.6	4,811.0
Proportional equity basis	3,900.0	3,197.0
Profit before taxation	670.3	575.2
Proportional equity basis	424.0	331.0
Net profit attributable to RTZ shareholders	210.7	172.5
Total RTZ shareholders' funds	2,354.4	2,049.9
Total assets employed	7,012.5	6,098.6
Earnings per ord. share	68.03p	59.31p
Dividends per ord. share	20.00p	18.00p

RTZ's share of pre-tax profit by area



increasing market share, mitigated to some extent difficult demand/price trading conditions.

Although RTZ's profits have increased, the overall return on capital remains unsatisfactory. Substantially improved profitability of our mining interests awaits higher metal prices.

The strategic direction of RTZ

During the year RTZ restructured its head office and made a number of organisational changes. It now has a smaller executive board who, through the chief executive's committee, provide coherent strategic direction for the Group from the centre without undermining the company's long-standing philosophy of and commitment to decentralisation.

Whilst the last decade has been difficult for the mining industry, RTZ's overall profitability has benefited from the broad spread of our successful industrial and non base metal interests.

Most consistently successful companies have built their success by developing in areas they know well. We see the continued success of RTZ as depending upon our depth of understanding of the changes taking place in mainstream Group businesses combined with an ability to seize new opportunities.

In the future, it is likely that RTZ will expand its industrial and oil and gas interests to develop further the balance of activities, but this does not imply a withdrawal from mining. It is our view that there may be more attractive mining opportunities during the next few years than we have seen in the last decade.

Outlook

World economic activity should expand in 1985, but not as rapidly as in 1984. Our industrial interests, therefore, may find it hard to maintain the pace of improvement achieved over the last few years. On the other hand, there are prospects that some metal prices may rise which would assist the mining operations. In the energy sector, conditions will remain difficult but our oil and gas interests should continue to progress. Currency fluctuations will again have influence and, in particular, a weaker US dollar may adversely affect reported sterling earnings.

The results achieved in the difficult circumstances of recent years provide a solid base for confidence in the soundness of RTZ Group operations. Their spread and competitiveness are such that we are well placed to create and take advantage of new opportunities.

Alistair Frame
Chairman
6 St. James's Square, London SW1Y 4LD

BP cash mountain 'a positive strategy'

BP, which has accumulated cash resources of £2.5 billion, said yesterday that this is part of a positive strategy to increase the financial strength of the company for any downturn in the economy and to allow it to take advantage of any new investments as they arise.

However, Sir Peter Walters, the BP chairman, yesterday dismissed speculation that the oil company was considering investing in the food sector.

"In shaping the future of the company, we are convinced that size is not an end in itself. Value and return on capital involved are far more important."

"In addition to ongoing investments we believe that we are well positioned to take opportunities to enhance existing business through acquisitions which fit our strategy."

Sir Peter said that BP expects the business and economic environment this year to be the same as last.

Base Lending Rates

ABN Bank	12.25%
Adam & Company	12.25%
Barclays	12.25%
BCCI	12.25%
Citibank Savings	12.25%
Commerzbank	12.25%
Continental Trust	12.25%
C. Hoare & Co	12.25%
Lloyds Bank	12.25%
Nat Westminister	12.25%
TSB	12.25%
Williams & Glyn's	12.25%
Citibank NA	12.25%

* Mortgage Base Rate

INDUSTRY TODAY

Retailing revolution

Stores and style

Debenhams arms for battle as high street predators close in

Can Debenhams survive the rigours of the high street revolution and the unwanted attentions of the brash new breed of retailers it has brought with it? Patience Wheatcroft looks at the prospects for the department store group which has always been in the shadow of Harrods.

Now that the House of Fraser has been bought by the Al-Fayed brothers, City attention is focusing on that other department store operator, Debenhams.

But rumours have sent the shares to new highs and two of Britain's most ambitious retailers, Sir Terence Conran and Mr Ralph Halpern, admit that they would like to set up shop in the Debenhams's shoes.

But Mr Robert Thornton, Debenhams' chairman, wants to keep the company independent and on Thursday he will be opening his defence by reporting record profits.

These considering a big for Debenhams will be ready to scrutinize every one of the figures that should have lifted pre-tax profits from £32.7 million for the year ended January 1984 to about £40 million for the year ended January 1985. More important, they will be concentrating on all that Mr Thornton has to say about current trading.

If the market is unimpressed and the share price falls back a bit, it could be the moment for a shop-hungry retailer to pounce.

But what is the attraction of Debenhams? According to Mr George Davies, the man behind the successful Next chain: "Retailing today is all about image". Debenhams is imageless, an unco-ordinated mass of stores with an identity problem.

When the House of Fraser was sold into foreign hands there was public dismay that the

company, with Harrods at its majestic helm, should be sold, even though the stores are continuing to trade.

But the demise of Debenhams would be unlikely to cause great upset. Its appeal to would-be predators is not as a retailer but as millions of square feet of retail space.

Debenhams' 67 stores are almost all in the best high street locations where groups like Sir Terence's Habitat Mothercare and Mr Halpern's Burton Group are constantly trying to find accommodation.

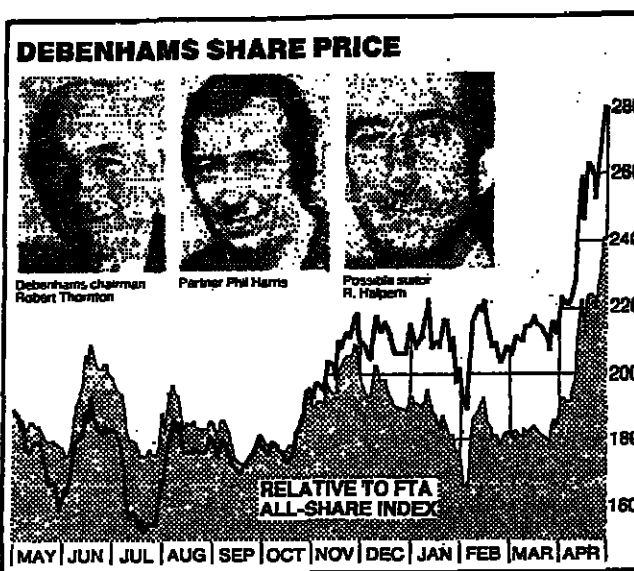
The biggest plum in the portfolio is the Harvey Nichols store in Knightsbridge, subject of numerous offers from property developers who would turn the upper floors into luxury office accommodation.

As long ago as 1979, Debenhams was turning down offers of £25 million for the store. Today, its properties are worth almost £300 million, more than three-quarters of its current stock market valuations.

In 1979, the company insisted that it wanted to continue in business as a shopkeeper, not a property developer, but despite that affirmation, Debenhams has only succeeded in improving its profit performance by becoming more of a landlord and financier and less of a retailer.

As a financier, Debenhams set up a company called Welbeck to provide credit facilities for its customers and outside clients. In the year to January, Welbeck will have generated almost half of Debenhams' profits.

Mr Thornton insists that this



must be regarded as part of normal 1980s retailing, when everyone shops on credit. "Ninety-five per cent of Welbeck's profits come from Debenhams's customers and it is inextricably linked up with our marketing and promotions," he said.

But making money by selling credit is a different business from making money by selling goods.

Much of the business of selling goods Debenhams has now handed over to others: more than half of the company's sales now come from joint companies set up with specialist retailers or concessionaires who rent space in the stores, everything from doctors to estate agents.

The move towards landlord status is Debenhams' attempt to keep up with the changes in Britain's high streets which are increasingly put the traditional department store under threat.

The last decade has seen the growth of the specialist retailer, whether it be catering for a specific small section of the fashion market or selling nothing but cheap electrical goods. Between them they have squeezed out the department store which can compete neither on matters of image nor price.

Mr Thornton believes that by inviting others into his stores he can meet the challenge. "The prospects for the group are amazing," he says, and rumours that profits for the current year might reach £70 million enhance his comments.

However, turning down department stores into exciting

shopping places is not simple and Debenhams' efforts to enliven its furnishings and electrical side by joining forces with Mr Philip Harris's Harris Queensway have had severe difficulties.

The venture cost Harris Queensway £4.5 million last year but, Mr Thornton said, it is now into profit. "People think they can just move into department stores and make money," but like Phil Harris, they could get it wrong the first time. Mr Thornton said in a warning to any potential bidders.

Harris Queensway was at one stage believed to be interested in a full takeover of Debenhams, aided by finance and property expertise from Mr Gerald Ronson and his privately-owned Heron Corporation.

Mr Ronson would still like to lay his hands on the property portfolio, but his enthusiasm is tempered by a reluctance to pay today's Debenhams price. Mr Harris's enthusiasm is also somewhat tempered by his experiences of the last year.

However, both Sir Terence and Mr Halpern believe that they have the recipe to make Debenhams succeed. Sir Terence discussed a genuine merger with Debenhams - their market capitalizations are almost exactly similar at around £390 million.

But Mr Thornton was not won over, even by the suggestion of a joint chairmanship. Neither is he enticed by the prospect of a takeover from Burton Group, now capitalized at more than £800 million and headed by a man with a determination to be bigger still.

Mr Halpern could afford to bid for Debenhams, and still

smarting from having lost Richard Shops to Sir Terence, he would be reluctant to let any of his rivals obtain Debenhams.

For him, Debenhams would be the passport to the great bulk of the British market which he is not yet milking. Burton Group and Top Man now cater for a predominantly young market as do most of his fashion companies. His dream now is "a family store" and he already has a few in operation.

In Edinburgh, for instance, Forsyth store to provide space for the various bits of Burton, a few concessionaires and plenty of restaurant space. Work to do the same with the former Woolworth store in Oxford Street, London, is already under way.

His idea for Debenhams stores would be to turn them into collections of small shops, some from the Burton Group but many, such as the furniture and food outlets, being run by concessionaires.

How would this differ from the present Debenhams? It is all a question of style. Mr Halpern believes he could inject glamour and excitement into the stores, as is now happening in some Japanese and American department stores.

That, however, would involve a high degree of expenditure, which is one reason why he will be cautious over the Debenhams price.

On a simple profits record of £27 million in the year to January 1982, £20 million in 1983 and £33 million in 1984, Debenhams is overvalued at present. As a property prospect, it is harder to tell: valuing department stores is notoriously difficult.

The problems involved are one reason why Hanson Trust, despite its skill in selling off most of its UDS purchase, is still left holding a dozen department stores.

But, there are few portfolios to match Debenhams. A change of ownership could bring new excitement to many high streets.

Forecasts criticized by British Syphon

By Jeremy Warner

Mr Bryan Morrell, chairman of British Syphon Industries, strongly criticized former directors of East Lancashire Paper Group yesterday over the East Lancashire board's profit forecasts when they were attempting to fight off a takeover bid from British Syphon last Christmas.

Mr Morrell said that since acquiring control of East Lancashire in December, it had become apparent that the company would not make the £37,000 pretax profit it predicted for the first half of this year.

Mr Morrell absolved Barclays Merchant Bank, which advised East Lancashire.

Mr John Seddon, East Lancashire's managing director at the time of the bid, has since been paid £55,000 by British Syphon as compensation for loss of office.

Mr Morrell made his comments when announcing profits for last year comfortably in excess of the £1 million forecast by British Syphon at the time of its offer for East Lancashire.

Pretax profits rose from £412,000 to £1.1 million and a final dividend of 1.75p is being recommended, raising the total for the year from 1p to 3p.

The group has set aside a total of £865,000 to pay for extraordinary items. This includes £145,000 to cover building a giant wall at the instruction of Sheffield City Council.

The company has since discovered that it may not be responsible for construction of the wall and is taking steps to recover the sum.

Elsewhere, the group had made a good start to the year, and unaudited accounts for the first three months indicated a substantial increase in profits and earnings per share for the whole year.

London and Manchester Group plc

Extracts from the statement by the Chairman, Mr H L K Browne, F.C.A., on the Group Report and Accounts for 1984.

I referred in my statement last year to the likely effects of the withdrawal of Life Assurance Premium Relief (LAPR) from new business and the intention to introduce newly designed contracts to meet clients' needs in the changed circumstances. While the loss of LAPR has undoubtedly had some effect on new business figures, particularly in the industrial branch, the overall results for 1984 now before you reflect, I believe, a very satisfactory response to a challenging year.

Consolidated Profit and Loss Account and Dividend
Income has been received from London and Manchester Assurance by transfers of £4,011,000 from the main life funds and £1,350,000 from the investment trust retirement annuity fund. The transfer from the main life funds includes a first contribution of £100,000 from surplus emerging within the segregated fund of mainly linked life business introduced through the life broker division.

The general branch loss after tax amounted to £486,000. The consolidated profit and loss account also includes the Group's share of the profit of the new associated company, London and Manchester (Mortgages) Limited of £277,000 and, for the first time, a transfer from the long term fund of London and Manchester (Pensions) Limited, amounting to £175,000.

Investment income for the year fell by £39,000 to £1,058,000 following the transfer of invested assets from the shareholders' funds arising out of the purchase of London and Manchester (Pensions) Limited by the holding company on 31 December 1983.

After setting off the expenses of management and taxation there remains a balance of £5,791,000 which has enabled your Board to recommend a final dividend of 14.00p per share (1983 11.48p). This, together with the interim dividend of 5.81p per share paid in November 1984, makes a total of 19.81p per share (1983 16.45p). After providing for these dividends the balance carried forward has been increased by £1,249,000.

Bonuses
The normal reversionary bonus in the ordinary branch has been maintained at 25.75 per cent of the sum assured while industrial branch bonuses have been improved.

A further step has been taken this year in the development of the complete bonus system by declaring additional reversionary bonuses of 15.00 per cent in the ordinary branch and 22 per cent in the industrial branch on reversionary bonuses already declared. The cost of this declaration has been met by the transfer from the investment trust reserve of £1.25 million to each branch. In addition increased transfers of £4.5 million to the ordinary branch and £3.8 million to the industrial branch have been made to provide for terminal bonuses.

The Insurance Market
The Government's White Paper on self-regulation within the financial sector which was published on 28 January 1985 is likely to have significant consequences for the life assurance industry. Last year I commented on your Board's view of the Registry of Life Assurance Commissioners (ROLAC). Nothing has changed that view and, accordingly, representations have been made on the proposals in the White Paper for the treatment of commissions. It is your Board's opinion that the competitiveness of products and market forces provide a more effective protection for the investor than rules concerning the disclosure or limitation of commissions, mechanisms which can so easily fail to achieve their objectives in such a complex market place.

During the year work proceeded on the creation of an Association of British Insurers (ABI) with the intention of unifying the various associations which currently represent insurance companies. Your Board has viewed this development with some concern for it has always considered the Industrial Life Offices Association (ILOA) as particularly effective in representing the home service industry. There is some danger that the larger ABI may be less responsive to the needs of the home service offices and your Board will seek to ensure that under the new structure the interests promoted by the ILOA are actively pursued.

Home Service Division
The year has been one of intense product development in a sector of the market which has often seen the Group introduce innovative products. Money-spinner, introduced in June 1984, is a regular premium contract which offers enhanced investment returns for those aged 50 and over. The Preferred Portfolio Plan provides a choice of investment funds and has already proved popular with those clients who have lump sums to invest. Other contracts which were introduced during 1984 included a savings plan for the young investor and a personal retirement contract for the self-employed offering long-term flexibility. The latter, known as The Independent Pension Plan, has achieved excellent results to date.

The prospects for 1985 are already very encouraging with a successful start to the annual sales competition and the increasing effect of the new product range.

Life Broker Division
In 1984, new annual premiums increased by 27 per cent and single premiums, at over £20 million, were up by 41 per cent. In addition much has been done to expand the range of intermediaries who support the division.

The unit-linked Investment Mortgage Plan proved to be the success of the year whilst High Five was one of the first plans to be launched specifically to provide maximum investment over the shorter term. In addition, two new retirement plans, one for the self-employed and the other for the executive director, were introduced. These Individual Retirement Plans have considerably enhanced the division's competitive position in this sector of the market place.

In 1985, a most significant new development has been the recent launch of Lifespan, a contract which offers a wide range of benefits and flexible premiums in order to cope with life's changing needs.

Pensions Division

The political environment in which the division operates has been the subject of far more speculation than in recent years and in this climate the division has been well served by the ability of many of its existing contracts to meet the changing needs and obligations of employers. To this range the Total Pension Plan was added during the year. The plan is a unique money purchase scheme which meets the needs of both large and small employers by incorporating a wide range of options. The market received the plan in a very positive manner and it completes a range of products which your Board considers to be highly competitive. In terms of new business, money purchase contracts showed a strong increase in 1984 although total new annual premiums were only 4 per cent up on the previous year. Single premiums were 54 per cent higher than in 1983 at over £12 million and in this respect it was particularly pleasing to see Transplan ahead of target.

During 1985 marketing of the Managed Fund contract will take a greater prominence and this should be helped by the excellent investment performance which has been recorded since its launch.

General Branch

The introduction of revised contracts and more flexible means of payment have brought their rewards in terms of new business. New annual premiums of just over £1.5 million contributed towards a 21 per cent increase in total premium income for the year to £8.5 million. Hospital Cash Provider Plan, introduced last autumn, is unique within the home service industry. For a modest weekly premium it provides financial assistance in the event of the policyholder or a member of his family entering hospital. To date sales have been ahead of plan and the contract has been very useful in attracting new clients.

Investments

During the year, the main life funds made net investments of £37.4 million in gilts and other fixed interest securities, £5.8 million in property and only £1.6 million overseas. A total of £24.9 million was disinvested from UK equities.

Corporate activity in investment trusts continued at a high level during the year. The Group benefited from the acquisition of Anglo Scottish by Japan Assets, and of Bishopsgate, London Prudential and Oil & Associated by companies outside the sector. However, the highlight of the year was the successful bid by London and Manchester Assurance for The Nineteen Twenty-Eight Investment Trust plc (1928). Group companies now hold 50.2 per cent of the company with the balance in the hands of individuals and other institutions. Mr Martin Harris has been appointed Chairman and the other directors are Mr David Rowe-Ham and Mr Andrew Withey, with Mr Ian Henderson and Lord Wakehurst nominated by London and Manchester. A new investment policy has been implemented and 1928 now holds a portfolio consisting primarily of investment trust shares. The takeover of 1928 is consistent with the Group's long term interest in investment trusts where total holdings now exceed £230 million.

Mortgages

In my statement last year I referred to the establishment of an associated company, London and Manchester (Mortgages) Limited, with the objective of advancing money at variable rates of interest with funds supplied by a commercial bank. Such was the success of this operation in 1984 that it became necessary to secure further funds substantially in excess of those originally envisaged. In January of this year there was finalised a transaction whereby £200 million was made available by way of a syndicated loan arranged by a leading merchant bank. Your Board believes that this move has laid the foundations of a business which will produce substantial life and general business for London and Manchester Assurance as well as being profitable in its own right. In its first year of operation the mortgage company has made a satisfactory contribution to Group profit.

Unit Trusts

Last year I referred to the creation of the Group's first unit trust, London and Manchester General Trust. In December 1984 two more unit trusts, the Income and International Trusts, were launched. Total funds under management now exceed £18 million with a substantial holding being attributable to the policyholders' funds.

Investment Management Services
The acquisition of a controlling interest in 1928 led the Group to establish London and Manchester (Asset Management) Limited, for the provision of investment management and associated services. Drawing on existing resources within the Group the new company successfully took over the full range of services required by the investment trust company and led the Group into a new area of activity.

Concluding Comments

It has been my practice since I became Chairman to commence my annual statement with a word of appreciation to the management and staff. I shall be retiring at the conclusion of the Annual General Meeting and I feel that on this occasion such expressions would be more appropriate at the end of my report. I wish therefore to record my very sincere thanks to the management and staff, both at Chief Office and in the field, for their support, co-operation and friendship not only during 1984 but throughout the period that I have had the honour and pleasure of serving the Group.

My colleagues on the Board have been particularly encouraging and understanding and I am most grateful to them for their support and advice. I am delighted that they have appointed Mr John Thomson to succeed me. Mr Thomson has been a director since 1974 and a Deputy Chairman for the past two years. He brings with him not only a wealth of commercial experience but also a strong commitment to the expansion of the Group and I wish him every success in his new responsibility.

COMPANY NEWS IN BRIEF

● **EXPANET INTERNATIONAL** has acquired South-end-based Phoenix Controls, specialist importer and manufacturer of a range of audible and visual warning devices and other components for the security and electronic sectors. The consideration is satisfied by the issue of 342,857 ordinary shares. The maximum total consideration is £50,000, which will be payable if the profits for the year 1985 exceed £125,000. The consideration payable will be satisfied in shares.

● **COMBINED ENGLISH STORES** record results at Combined English Stores last year meant a big bonus for the chairman, Mr Murray Gordon. The latest group annual report shows his pay packet soared by more than £69,000, from £156,106 to £225,223. Almost all of the increase is accounted for by profit-related commission. Last year, Combined English profits climbed from £5.94 million before tax to £9.15 million. Two other directors, boosted by profit-related commission, moved into the £100,000-plus bracket for the first time last year, collecting between £115,000 and £120,000.

● **CLAYTON PROPERTIES**: The offer for sale by Samuel Montagu of 2.53 million shares in Clayton Properties, which was oversubscribed about four and a half times, after the rejection of certain multiple or suspected multiple applications. Applications from employees of Clayton were received for 87,300 shares and have been accepted in full. The basis on which other applications have been accepted as follows: 200 shares to 800 shares inclusive; 200 shares to 1,000 shares to 5,000 shares inclusive; 25 per cent of amount applied for; 6,000 shares to 9,500 shares inclusive; 2,000 shares and 10,000 shares and over; 20 per cent of amount applied for.

● **LRG INTERNATIONAL** has acquired the photographic processing business of Turners (Colour Laboratories) for £400,000, of which £200,000 has been paid. The balance will be paid over four years.

● **IVANHOE GOLD** has reached agreement with Gemmin Exploration for the Australian offshoot of Gencor to farm-in to its Beaton's Creek gold prospect at Nullagine in Western Australia. Under the agreement, Gemmin will have the right to earn a 50 per cent interest in the area by spending A\$2 million (£1.04 million) on exploration within five years.

● **AMERICAN ELECTRONIC**: The application list for the offer for subscription of 10 million ordinary shares of American Electronic at a price of 20p per share closed with the offer heavily oversubscribed.

● **BELLWAY**: Interim 3p per share (same), payable on July 5. Group turnover for half-year to January 31, Figures in £000: Sales £19,197, Pretax profit £71 (6), Tax 258 (445), Earnings per share 2.4p (4.3p).

● **SPONG HOLDINGS**: Dividend 0.1p (nil) for the year to December 31, Figures in £000: Sales £237 (1,688), Pretax profit £71 (6), Tax 58 (nil), Earnings per ordinary share 1.29p (0.28p).

● **REED INTERNATIONAL** has completed the sale to Borden of its Crown Wallcoverings operations in Britain and its Sunworthy Wallcoverings operations in Canada and in the U.S. Estimated results of these businesses in the year ended March 31 last are a trading profit of about £2.5 million on a turnover of £73 million.

● **BRAMMER**: As a result of profit targets being reached by the company's 67 per cent owned subsidiary Precision Rotors (Dorset), Brammer ordinary shares have been allotted to shareholders of precision as deferred consideration. Shares allotted form part of the maximum consideration agreed between the two companies.

● **DELTA GROUP** paid out £167,000 last year in compensation in respect of former directors, according to the company's annual report. Mr Graham Rainey, the finance director, said the bulk of the compensation was in respect of Mr Eric Webster, who signed a year ago, after 40 years' service.

PINECHURCH UNITED STATES GROWTH FUND LIMITED

(Incorporated in Bermuda as an Exempt Company)

The aim of the Fund is to offer long term capital growth by investing principally in small and medium sized United States companies.

The Board announce the following unaudited results for the period ended 1st April 1985. The Board further announce that the special dividend as detailed below has been declared in order that the Fund may comply with the requirements of Distributor Status in respect of the Accounting Period ended 30th September 1984.

	Period 1.10.84 to 1.4.85	Comparative Period 1.10.83 to 27.3.84
Gross Revenue	US\$ 221,825	US\$ 273,323
Net Revenue (after interest charged and expenses but before payment of any dividend)	US\$ 39,585	US\$ 101,520
Interim dividend declared per share	None	2.7 US\$
Special dividend declared per share	1.1 US\$	-
Total amount absorbed by special/interim dividend	US\$ 36,916	US\$ 96,644
Ex dividend date	26.3.85	27.3.84
Payable to Shareholders of record	25,385	26,244
Dividend payment date	28.3.85	8.5.84
Net assets	US\$ 29,336,380	US\$ 30,049,957
Net assets value per US\$ 0.25 share	US\$ 8.74	US\$ 7.10 X.D

It should be noted that the special dividend as detailed above has been declared without specifying either the period for which, or the revenue out of which, it was paid and is shown in the manner above purely for comparison purposes.

3rd April 1985

For and on behalf of the Board
KLEINWORT, BENSON (GUERNSEY) LIMITED
As Administrators of the Fund
Westbourne, The Grange, St. Peter Port, Guernsey, C.I.

ANOTHER YEAR OF CAPITAL GROWTH

The aim of the trust is to achieve above average capital growth by specialising in the dynamic economies of Japan and South East Asia.

Last year, net asset value increased by 27.7% making TR Pacific Basin the best performing trust of over £50 million among the Far East and Japanese specialists.

If you would like to know more about us, please send for a copy of our Annual Report.

TR Pacific Basin Investment Trust PLC
A MEMBER OF THE TOUTCHER REYNOLD MANAGEMENT GROUP

The Company Secretary, TR Pacific Basin Investment Trust PLC, Mermaid House, 2 Fiddle Dock, London EC3V 9AT.

Please send me a copy of your Report to Accounts

NAME _____

ADDRESS _____

The Annual General Meeting will be held on 23 May 1985. Copies of the Report, which includes the full text of the Chairman's Statement, may be obtained from the Deputy Secretary at Imperial House, Dominion Street, London EC2M 2SP.

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The Directors of the Company whose names appear in this Offer document (the "Prospectus"), but excluding Mr. C. J. Wells who is severely indisposed through illness, are the persons responsible for the information contained herein. To the best of the knowledge and belief of the Directors (other than Mr. Wells), who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect materially the import of such information and they accept responsibility accordingly.

The application list for the Ordinary Shares now offered will open at 10 am on 30th May 1985 and may be closed at any time thereafter. The procedure for application and a Public Application Form are set out at the end of this Prospectus.

Application has been made to the Council of The Stock Exchange for the new Ordinary Shares now being issued to be admitted to the Official List.

A copy of this Prospectus, which comprises the listing particulars relating to the Company in accordance with The Stock Exchange (Listing) Regulations 1984, has been delivered to the Registrar of Companies for registration as required by those Regulations.

No person receiving a copy of this Prospectus and/or an application form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such application form, unless in the relevant territory such an invitation could lawfully be made to him or such application form could lawfully be used without compliance with any unfilled registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory.



BRITISH AEROSPACE

PUBLIC LIMITED COMPANY

OFFER

by

Kleinwort, Benson Limited

and

Lazard Brothers & Co., Limited

on behalf of

British Aerospace Public Limited Company

and

The Secretary of State for Trade and Industry

of

146,852,746 Ordinary Shares of 50p each at 375p per share
200p is payable on application 175p is payable by 10th September 1985

underwritten by

Kleinwort, Benson Limited Lazard Brothers & Co., Limited

Hill Samuel & Co. Limited Morgan Grenfell & Co. Limited J. Henry Schroder Wagg & Co. Limited

KEY INFORMATION

The following information is derived from, and must be read in conjunction with, the full text of this Prospectus.

British Aerospace

British Aerospace, whose origins can be traced directly to companies which were among the pioneers of the aircraft industry in the early part of this century, is one of the largest aerospace organisations in the world. It is engaged, either on its own or in collaboration with other companies, in the design, development, production and sale of military and civil aircraft, guided weapon and space systems, in electronics and related technologies and in the provision of support services. It is one of the largest exporters of manufactured goods from the United Kingdom.

Turnover, Profit and Dividends

	Year ended 31st December 1983	1984
Turnover	£2,300 million	£2,468 million
Profit before taxation	£82 million	£120 million
Taxation	—	£12 million
Profit after taxation	£82 million	£108 million
Earnings per Ordinary Share (net basis)	41.1p	54.0p
Dividends per Ordinary Share (net)	9.1p	13.6p
Orders outstanding	£4,907 million	£4,820 million

Offer Statistics

Offer price per Ordinary Share	375p
Market capitalisation before issue of new Ordinary Shares ⁽¹⁾	£750 million
Market capitalisation after issue of new Ordinary Shares ⁽²⁾	£937.5 million
Price/earnings multiple on earnings per Ordinary Share of 54.0p ⁽³⁾	6.94 times
Gross dividend yield ⁽⁴⁾	5.2 per cent
Adjusted net assets per Ordinary Share ⁽⁵⁾	438p

Payment Arrangements

On application	200p per Ordinary Share
By 10th September 1985	175p per Ordinary Share

Notes

- (1) Market capitalisation figures have been calculated on the basis of the Offer price.
- (2) The price/earnings multiple has been calculated on the basis of the Offer price and the historic earnings per Ordinary Share for the year ended 31st December 1984.
- (3) The historic earnings per Ordinary Share is based on the gross dividends paid and/or recommended in respect of the year ended 31st December 1984 and the Offer price.
- (4) The gross dividend yield is based on the gross dividends paid and/or recommended in respect of the year ended 31st December 1984 and the Offer price.
- (5) Net assets per Ordinary Share have been calculated on the basis of net assets at 31st December 1984 adjusted for the net proceeds of the issue of the new Ordinary Shares and on the basis of the Ordinary Shares in issue following the Offer.

DETAILS OF THE OFFER

On 15th January 1985, it was announced that HM Government and the Company had agreed to make a combined Offer under which HM Government would sell the whole of its remaining shareholding in the Company and the Company would make an issue of new shares.

A total of 146,852,746 Ordinary Shares of 50p each are now being offered at a price of 375p per share, of which 200p is payable on application and 175p is payable by 10th September 1985. Of these shares, 96,852,746 Ordinary Shares, representing 48.43 per cent. of the Company's existing issued ordinary share capital, are being offered for sale by HM Government. The remaining 50,000,000 shares are new Ordinary Shares being issued by the Company. Although the Company has no immediate need for funds, the Board has taken the view that it is sensible to increase its equity base at the same time as HM Government is disposing of its holding of Ordinary Shares. The estimated net proceeds (before selling commissions) of the issue of the new Ordinary Shares of £179.5 million will be used for the longer-term development of the Company's business.

Existing Ordinary Shareholders are being given preferential entitlements to acquire the new Ordinary Shares on the basis of one new Ordinary Share for every four Ordinary Shares held by them at the close of business on 30th April 1985. HM Government has informed the Company that it does not intend to take up its preferential entitlement to new Ordinary Shares. Of the Ordinary Shares being offered for sale by HM Government, 5,000,000 are available for preferential allocation to eligible employees of the Company. To the extent that these preferential entitlements are not taken up by existing shareholders and employees, the shares will be available under the Offer. Further details of the arrangements for existing shareholders and employees are set out in paragraphs 8 and 9 under "Statutory and General Information".

As explained in "Procedure for Application", no allocation or allocations in excess of ten per cent. of the offered Ordinary Shares will be made to any one person or associated persons.

All the 146,852,746 Ordinary Shares now being offered have been underwritten by five merchant banks. Invitations are being made on 1st May 1985 to certain United Kingdom institutional investors ("Priority Applicants") to apply for all of the offered Ordinary Shares. Priority Applicants will each be guaranteed a minimum number of the offered Ordinary Shares, in aggregate not exceeding 85 per cent. of the offered Ordinary Shares. They will also offer to acquire the balance of the offered Ordinary Shares, which will be allocated to them to the extent that other valid applications are not received.

Following the Offer, HM Government will hold no shares in the Company except the Special Share. The Special Share does not carry any right to vote at General Meetings and entitles the holder to speak at such Meetings only on matters relating to the rights of the holder of the Special Share. Any alteration of the Articles of Association of the Company relating to United Kingdom control, to the nationality of the Directors and to the Government Director requires the prior consent of the holder of the Special Share. Further details relating to the Special Share are set out in paragraph 7 under "Statutory and General Information".

The offered Ordinary Shares will rank for the interim dividend in respect of the financial year ending 31st December 1985 (but not the final dividend in respect of the year ended 31st December 1984) and will carry the right to vote, subject in each case to registration following payment of the second instalment. If anyone wishes to exercise votes in respect of his offered Ordinary Shares prior to 10th September 1985, this may be done upon early payment of the second instalment and subsequent registration. The rights and remedies attaching to the new Ordinary Shares and to HM Government's Ordinary Shares are referred to in paragraph 5 under "Statutory and General Information" and the arrangements for the allocation of such shares are described under "Procedure for Application".

The Ordinary Shares are offered solely on the basis of the information and representations made herein. No other information given or representation made by any person should be relied upon and no person responsible for this Prospectus, or any part thereof, shall have any liability for any such other information or representations (see paragraph (f) (iv) under "Terms and Conditions").

DEFINITIONS

"British Aerospace"	British Aerospace Public Limited Company and its subsidiaries and/or, as the case may be, their respective predecessors in business, or any of them.
"Company"	British Aerospace Public Limited Company.
"Ordinary Shares"	Ordinary Shares of 50p each in the Company.
"new Ordinary Shares"	The 50,000,000 new Ordinary Shares now being offered for subscription by the Company.
"HM Government's Ordinary Shares"	The 96,852,746 existing Ordinary Shares now being offered for sale by HM Government.
"offered Ordinary Shares"	The new Ordinary Shares and HM Government's Ordinary Shares.
"Offer"	The offers for subscription and sale herein referred to.
"Offer price"	The price of each of the offered Ordinary Shares.
"Special Share"	The Special Share of £1 described in paragraph 7 under "Statutory and General Information".

BRITISH AEROSPACE PUBLIC LIMITED COMPANY

Directors

Sir Austin William Pearce, C.B.E., Ph.D., F.Eng. *Chairman*

Sir Raymond Derek Lygo, K.C.B. *Managing Director*

Kenneth Milton Bevis, C.B.E., T.D. *Non-executive Director and Government Director*

Sir Kenneth Durham *Non-executive Director*

Bernard Ernest Friend, F.C.A. *Finance Director*

Derek Oliver Gladwin, C.B.E. *Non-executive Director*

John Lewis Glasscock, *Deputy Chief Executive, Aircraft Group*

Harold Arthur Hitchcock, D.F.C. *Non-executive Director*

Thomas George Kent, C.B.E. *Deputy Chief Executive, Dynamics Group*

Hugh Metcalfe, C.B.E., F.Eng. *Chief Executive, Dynamics Group*

John Trevor Stamper, F.Eng. *Technical Director*

Sir Jack Alfred Wallings, C.B.E. *Non-executive Director*

Colin James Wells *Personnel Director*

Ivan Ray Yates, C.B.E., F.Eng. *Chief Executive, Aircraft Group*

all of British Aerospace Public Limited Company, 100 Pall Mall, London SW1Y 5HR

Secretary and Registered Office
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THE BUSINESS OF BRITISH AEROSPACE

Introduction

British Aerospace, whose origins can be traced directly to companies which were among the pioneers of the aircraft industry in the early part of this century, is one of the largest aerospace organisations in the world. It is engaged, either on its own or in collaboration with other companies, in the design, development, production and sale of military and civil aircraft, guided weapon and space systems, in electronics and related technologies and in the provision of support services. British Aerospace is one of the largest exporters of manufactured goods from the United Kingdom and employs approximately 78,000 people.

On 4th February 1981, just over half of the issued shares in the Company were offered by HM Government to the general public and to employees, the remaining shares being retained by HM Government. Since then, the shares of the Company have been listed on the Stock Exchange, London. In 1982, British Aerospace purchased the assets and business of the Gyroscopic Division of Sperry Limited for £45 million in cash.

The turnover and trading profit of the principal activities of British Aerospace in each of the two years to 31st December 1984 were as follows:

	1983			1984		
	£m	£m	£m	£m	£m	£m
Military aircraft and support services	304	726	1,030	298	687	995
Civil aircraft	79	356	435	72	500	572
Guided weapon systems and other products	468	224	692	504	287	791
Space	32	111	143	30	80	110
	683	1,417	2,300	904	1,554	2,468
Turnover						
Trading Profit						
	£m	£m	£m	£m	£m	£m
Military aircraft and support services	104	7	114	114	7	114
Civil aircraft	13	1	16	13	1	16
Guided weapon systems and other products	13	1	16	13	1	16
Space	(14)	(2)	(15)	(14)	(2)	(15)
Company funded research and development	(37)	(3)	(40)	(37)	(3)	(40)
Reorganisation costs	(11)	(1)	(12)	(11)	(1)	(12)
	112	1	166	112	1	166

In recent years, British Aerospace has become increasingly involved in collaborative projects which offer important advantages, despite certain difficulties, at collaboration cost. In the case of military aircraft and some guided weapon projects, countries have tended to collaborate not only to share development costs but also to extend production runs and to standardise equipment among allies. In the case of the larger civil aircraft, their increasing size and sophistication has meant that development costs are now often too high for individual companies to bear alone. Collaboration also increases sales potential.

Military Aircraft

Military aircraft projects typically extend over many years and generally include the provision of spares and training and lead to modification programmes to improve the aircraft's capability and to extend its useful life.

The Ministry of Defence is the largest single customer of British Aerospace for military aircraft business and, in the year ended 31st December 1984, sales to the Ministry of Defence accounted for 29 per cent (29 per cent in 1983) of total sales in respect of military aircraft and support services, with virtually all the balance being for export.

The principal military aircraft projects being undertaken by British Aerospace are:

Tornado

The Tornado is a swing-wing supersonic aircraft, which is being produced for the governments of the United Kingdom, Germany and Italy under a collaborative programme with German and Italian aerospace companies. The programme is managed by Panavia Aircraft GmbH in which the Company has a 49.3 per cent interest. British Aerospace is responsible for manufacturing the forward and rear sections of the fuselage and the fin and tail and also for the final assembly and flight testing of all aircraft delivered to the Royal Air Force. The Tornado involves one of the largest production programmes undertaken by British Aerospace.

By 1st March 1985, British Aerospace had completed its work on 472 out of a total programme of 809 aircraft for the Royal Air Force and the German and Italian Air Forces. Two variants of the aircraft are now in production, the Interdictor Strike aircraft, of which first deliveries were made in 1980, and the Air Defence Variant, which was developed for the Royal Air Force and the first of which are now entering service. A number of overseas countries have expressed an interest in Tornado and British Aerospace hopes that export orders will result.

Hawk

The Hawk is a dual role, two seat advanced jet trainer and light strike aircraft which was originally developed for the Royal Air Force, to which 175 aircraft have been delivered. It is used by the Royal Air Force Red Arrows aerobatic display team. In addition, seven overseas countries have ordered over 125 aircraft, of which 100 had been delivered by 1st March 1985, and British Aerospace expects further orders. The development of a single seat light strike fighter version, funded by British Aerospace, is in progress with the first flight scheduled for 1988.

A variant of the Hawk, the 745A, has been selected for the United States Navy to fulfil the role of a new trainer aircraft as part of a new jet pilot training system. This is a joint programme, with McDonnell Douglas Corporation, for which a development contract was awarded in October 1984. In the probable future, British Aerospace will be responsible for the final assembly of the aircraft and the final assembly of the aircraft. The United States Navy has said that it has a requirement for 300 aircraft by the late 1990s.

Harrier

The Harrier is the only operational vertical/short take-off and landing (V/STOL) aircraft in the western world. Its operational capability was successfully demonstrated in the Falklands conflict. In addition to the AV-8B programme described below, a total of 343 Harriers and Sea Harriers have been ordered, including 110 AV-8A Harriers supplied to the United States Marine Corps. At 1st March 1985, 311 aircraft had been delivered.

In 1981, British Aerospace and McDonnell Douglas Corporation entered into a Teaming and Licence Agreement covering the collaborative development and manufacture of a version of the Harrier, known as the AV-8B, for the United States Marine Corps and the Royal Air Force (the Royal Air Force version being known as the GR5). The United States Marine Corps requirement is for 332 aircraft of which 20 had been delivered by 1st March 1985. Initial orders have been placed for 62 aircraft for the Royal Air Force. The purchase of some equipments for installation in possible further GR5 aircraft for the Royal Air Force has been authorised by the Ministry of Defence. Including the final assembly of Royal Air Force aircraft, British Aerospace will carry out approximately 40 per cent of the total aircraft work although the manufacture of AV-8Bs for sale to other countries will be shared in different proportions between the two companies. The Spanish Navy has ordered 12 AV-8Bs (having already acquired 13 AV-8As through the United States Government).

Jaguar

The Jaguar is a dual-role advanced trainer and tactical support aircraft which has been developed by British Aerospace, in collaboration with a French manufacturer, for the United Kingdom and French governments. These governments have received all of the 403 aircraft ordered by them. A further 94 of an export version of the aircraft have been ordered of which 90 had been delivered by 1st March 1985. In addition, 76 aircraft are being manufactured in India (of which seven had been completed and delivered to the Indian Air Force) under licence from, and with some parts being supplied by, British Aerospace.

Nimrod

British Aerospace is modifying for the Royal Air Force 35 Nimrod aircraft (of which 31 had been delivered by 1st March 1985) to continue the role of maritime reconnaissance, and a further 11 to fulfil the role of airborne early warning. The conversion programme for the 11 early warning aircraft has been delayed as a result of problems associated with certain advanced avionics equipment which is supplied by another contractor, although the aircraft modification work is on programme and has been substantially completed.

Defence Support Services

These services, which include training and equipment maintenance, are available to HM Government and overseas governments. As a contractor to the Ministry of Defence, British Aerospace has since 1973 provided a range of support services to the Ministry of Defence. Negotiations are in progress for the fourth of the Inter-Governmental Memoranda of Understanding under which these services are provided with a view to continuing them beyond August 1985 when the current arrangements are due to end, although the Ministry of Defence intends that this work will be placed after a competitive tender in which British Aerospace will be invited to participate. This contract has been one of the largest export contracts ever awarded to the United Kingdom.

New Projects

British Aerospace is leading the development and construction of an advanced technology demonstrator fighter aircraft for first flight in 1986 which is funded on a broadly equal share basis by HM Government and a consortium of other aerospace companies, the Experimental Aircraft Programme (EAP), will bring together the integration of advanced technology, such as the manufacture of large structures in carbon fibre composites, an advanced cockpit and active control technology, which may all be used in future military aircraft. In addition, British Aerospace, in conjunction with German, Italian, French and Spanish aerospace manufacturers, is developing a new generation of industrial facilities jointly commissioned by the Governments of the five nations concerned, for the production of European Fighter Aircraft (EFA) which, together with EAP, is discussed further under 'Future Outlook'.

Studies, funded by the Ministry of Defence, are in progress to investigate the technology required for an advanced V/STOL aircraft. Collaborative studies, funded by industry, are also taking place on a future international military/civil airliner (FIMA).

British Aerospace was disappointed not to be awarded the contract for the new basic trainer for the Royal Air Force. It proposes to continue an association with Pilatus Aircraft Limited of Switzerland for the marketing of the PC9 trainer aircraft in combination with the Hawk, wherever this is appropriate.

Civil Aircraft

British Aerospace is involved in the production of a wide variety of civil aircraft, ranging in size from a small business jet to the wide-bodied A300. Civil aircraft sales usually include the provision of initial spares, flight and ground training and lead to the long-term support of aircraft in service, including work on modifications and further spares. Some 1,500 civil aircraft built by British Aerospace are in service.

Options are often taken by customers; these do not commit the customer to placing firm orders, but secure a delivery position for further aircraft.

The principal civil aircraft projects being undertaken by British Aerospace are:

Airbus

As a 20 per cent partner in Airbus Industrie Groupement d'Intérêt Économique (Airbus Industrie), the Company collaborates in the development and production of a family of short to medium range jet airliners. There are three principal aircraft within the Airbus family, the A300, A310 and A320, each being offered in a number of variants. The A300 is a wide-bodied airliner for short to medium range routes having a typical capacity of around 200 passengers. The A310, of which the first delivery was made in Spring 1983, is a development of the A300 with a typical capacity of around 220 passengers. In March 1984, British Aerospace announced its participation in the A320 which is a single aisle aircraft with a typical capacity of around 160 passengers. The first flight of the A320 is planned for 1987 with first deliveries in 1988.

British Aerospace is responsible for the design of the wings and manufacture of the main structure of the wing, the wing box, for the A300, A310 and A320; these wings are of a highly advanced design providing weight savings and reduced drag.

By 1st March 1985, 248 A300 and 53 A310 aircraft had been delivered to 42 airlines and orders for 48 aircraft were outstanding. As at the same date, orders for 51 A320 aircraft had been received and options for a further 45 granted. In addition, negotiations continued with Pan American World Airways which signed a letter of intent in September 1984 for the purchase of 12 A310s (with options for a further 13) and the purchase of 18 A320s (with options for a further 34). Pending the availability of these aircraft, Airbus Industrie is to lease to Pan Am an interim basis four A310s and up to 12 A300s. By 1st March 1985, four of the leased A300s had been delivered to Pan Am.

Further details of the Airbus Industrie arrangements are set out in paragraph 11 under 'Statutory and General Information'.

BAe 146

The BAe 146 is a jet aircraft designed for short-haul services seating between 80 and 100 passengers. Two versions of the aircraft, the Series 100 and 200, are now in production. Early design and engineering work is in progress on the Series 300 aircraft, a stretched version of the Series 200, increasing its seating capacity to about 120 passengers.

British Aerospace is responsible for the overall design of the aircraft, the production of all fuselage components and final assembly. The wing boxes and the engines are built by Avco Corporation in the United States and the tailplane and moving surfaces of the wings and tail by Saab-Scania A.B. in Sweden.

The BAe 146 entered service in 1983 and by 1st March 1985 orders for 41 aircraft had been received, of which 21 aircraft had been delivered, and options for a further 36 granted. The largest single order, for 30 aircraft of which 24 had been delivered, has been received from Pacific Southwest Airlines, a leading carrier on the west coast of the United States which has also been granted options for a further 35 aircraft. Two BAe 146s have been ordered for the Queen's Flight of the Royal Air Force. On 24th April 1985, British Aerospace announced that it had signed a Memorandum of Understanding for the sale of ten aircraft to China.

BAe 125

Production of this twin-jet business aircraft commenced in 1984 and, by 1st March 1985, a total of 600 had been ordered (including two aircraft sold to British Aerospace, Inc., as demonstrator aircraft of which 588 had been delivered. More than 80 per cent of the orders have been for export to 36 countries, including 356 aircraft sold to customers in the United States. The new BAe 125 Series 800, which can seat up to ten passengers, is now in production and 53 aircraft had been delivered by 1st March 1985.

Jetstream 31

The Jetstream 31 is a turbo-prop aircraft for low density commuter routes, carrying up to 19 passengers. The Jetstream 31, which can also be used in a corporate role, entered service in 1982 and, by 1st March 1985, orders had been obtained for 53 aircraft (including three sold to British Aerospace, Inc.), of which 43 had been delivered, and an additional 10 options granted. In addition, the Royal Navy has ordered four Jetstream 31s for use in an observer training role. BAe 748

The BAe 748 is a short range turbo-prop aircraft with a capacity of up to 30 passengers, of which 372 have been delivered since the aircraft entered service 23 years ago. This number includes 88 manufactured in India under licence from British Aerospace and 31 sold to the Royal Air Force in the Andover military version. An improved version of the BAe 748 is in production and continues to be ordered in further versions, with aircraft have recently been delivered to British Airways and Leeward Islands Air Transport.

BAe ATP

British Aerospace is developing an advanced turbo-prop airliner (ATP) which will have a typical capacity of 64 passengers. The aircraft, which is derived from the successful BAe 748, is designed to be highly fuel efficient and will incorporate new engines with advanced axial-bladed propellers. The first flight of the BAe ATP is planned for August 1986.

Guided Weapon Systems

British Aerospace is the main contractor for most of the guided weapon programmes undertaken by the Ministry of Defence in the United Kingdom. In 1984, the Ministry of Defence accounted for 83 per cent (81 per cent in 1983) by value of British Aerospace's total sales of guided weapon systems. Other military customers, with virtually all the balance being for export.

Guided weapon programmes typically extend over many years involving continual evolution. Sales commonly lead to the supply of further missiles and spares, and the provision of training, maintenance and other support activities.

A number of British Aerospace's guided weapon systems were successfully deployed by the Falklands task force.

The principal guided weapon projects being undertaken by British Aerospace are:

Land-Based Anti-Aircraft Missile Systems

British Aerospace's most important guided weapon project is Rapier, a low level surface-to-air missile system, which is now in service with the British Army and it has also been sold to 12 overseas governments, including Australia and Switzerland and the United States for the defence of its Air Force bases in the United Kingdom. An extensive programme for the continued long-term development of Rapier with Ministry of Defence funding is well advanced. British Aerospace is developing a new generation of missile, which is an advanced and compact, low cost system designed particularly for the export market.

British Aerospace is one of two competing contractors each recently awarded a contract by the Ministry of Defence to undertake a project definition study for a new, close range air defence system using a high velocity missile of advanced design.

Anti-Tank Missile Systems

British Aerospace manufactures under licence the Milan portable medium range anti-tank guided weapon system and has recently completed a pre-development programme (funded jointly with the Ministry of Defence) for a terminally-guided mortar bomb, Merlin, designed to be fired from a conventional mortar which is used by many countries. British Aerospace would expect Merlin to be a substantial export market. A decision by the Ministry of Defence whether to participate further in this programme is expected later this year. The Swingfire long range anti-tank missile system, which has been in production since 1983, continues to be produced in significant numbers for both the United Kingdom and overseas governments.

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Naval Missiles

British Aerospace's principal naval missile systems are Sea Dart, which provides medium range defence for groups of ships against aircraft and also has anti-missile and surface-to-surface capabilities, and Sea Wolf, which provides ships with a defence against missiles and also has a shorter range anti-aircraft missile. A new vertical launched version of Sea Wolf, is being developed with Ministry of Defence funding and will be selected for service by the Royal Navy. British Aerospace is also developing a new generation of missile, which is an advanced and compact, low cost system designed particularly for the export market. A decision by the Ministry of Defence whether to participate further in this programme is expected later this year. The Swingfire long range anti-tank missile system, which has been in production since 1983, continues to be produced in significant numbers for both the United Kingdom and overseas governments.

Air Missiles

British Aerospace has developed a range of air-to-air and air-to-surface missiles. Sky Flash, a medium range air-to-air missile, is now in service with the Royal Air Force and the Swedish Air Force. Sea Skua, a helicopter-launched air-to-surface missile for use against fast patrol boats and frigates, is in service with the Royal Navy. Sea Eagle is an advanced air-launched anti-ship missile, that is in production and will shortly enter service with the Royal Air Force and Royal Navy. Export orders for Sky Flash, Sea Skua and Sea Eagle have been placed. British Aerospace is also developing a new generation of missile, which is an advanced and compact, low cost system designed particularly for the export market. A decision by the Ministry of Defence whether to participate further in this programme is expected later this year. The Swingfire long range anti-tank missile system, which has been in production since 1983, continues to be produced in significant numbers for both the United Kingdom and overseas governments.

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